

Forestry into the future

- 8.1 Throughout this report, the Committee has focussed on new forestry opportunities, both for today and in the future. The Committee firmly believes that the future of Australian forestry is bright, and looks forward to seeing those in the industry take advantage of those opportunities. This final chapter will outline some of the possibilities for the industry in the future, as well as policies that will be necessary to help the industry fulfil those possibilities.

The future of forestry

- 8.2 Over the course of the inquiry, the Committee has been impressed by the passion and commitment of individuals and groups throughout the forestry industry. This passion and commitment will be key to forestry taking up the opportunities of the future, and many of these opportunities can be found across different parts of the industry.
- 8.3 New methods of forest planning and management are continually making an impact on the forestry industry, and this will enable the industry to be more efficient and flexible in the future. Innovative approaches to planting, thinning and harvesting are presenting forest managers with the ability to grow trees faster, and for different end products than in the past. Ongoing research and development will provide the forestry industry with the most effective and up-to-date forest management practices.
- 8.4 Many Australian timbers are prized for their unique qualities and, over time, further markets for these timbers will develop. In addition to the inherent value of Australian timbers, new investments and new methods of processing will enable the industry to add value to all products that come out of Australian forests. Full realisation of the total value of a tree

will be an important part of the future. Native forestry plays an important role supporting rural and regional communities, providing opportunities for employment, skills development and financial investment. This role can increase in future, given the other trends identified in this section.

- 8.5 The integration of forestry into other land uses is an exciting opportunity to increase the productivity of land, as well as providing land owners with diversification, flexibility, and local economic and environmental benefits. Farm forestry has been described as a ‘sleeping giant’, and the Committee believes that it has the potential to contribute to every agricultural region in Australia.
- 8.6 The opportunities for timber as a building product will increase, as we move into a more carbon-constrained world. Whilst timber is currently used in certain parts of the building industry, new innovative uses for timber are being created all the time. Timber can be engineered to be used in many different applications, and as a renewable and carbon-storing building material, it has a clear advantage over many other building materials. The demand for timber in the construction industry is expected to increase in the years to come, and the forestry industry is well placed to benefit from this increased demand.
- 8.7 Forestry can play a major role in providing Australia with renewable energy. Forest waste can be used in many different ways to produce electricity, biofuels and to provide cogeneration for other applications. This is an opportunity that is just beginning to develop, and based on examples that the Committee has seen, it has the potential to transform electricity generation around Australia.

Making the future happen

- 8.8 The Committee has made a number of recommendations throughout this report, and they relate to four broad categories:
- security of supply from native forests;
 - addressing incentives in the forestry industry;
 - maturing of policies such as the Carbon Farming Initiative and Renewable Energy Target; and
 - support, information, education and extension services.

- 8.9 This report's recommendations must be acted on in order to make sure that the Australian forestry industry can take up the opportunities outlined above. There are also some areas of 'additional support' which will also be discussed. The Committee also makes a final recommendation about important areas for discussion amongst all Australian governments.
- 8.10 If the Australian forestry industry cannot meet the future demand for timber and wood products, continued and increased imports of wood will be necessary. As noted throughout the inquiry, this means that wood grown in less regulated and less sustainable forests overseas will be used to meet Australia's wood needs.

Recommendation areas

- 8.11 In relation to future demand for timber, it is necessary to assess what the likely future demand scenarios might be, and to find consensus on whether Australia should aim for wood supply 'self-sufficiency'.
- 8.12 It is also necessary to promote timber and wood products as replacements for more energy intensive materials. The carbon storage properties of timber and wood products should also be quantified, providing a national standard recognising timber's potential to remove carbon from the atmosphere.
- 8.13 The Carbon Farming Initiative should be developed so that it supports forestry in a nuanced way. A maturing policy could include support for numerous forestry activities. 'Additionality' must recognise the diversity of plantations and farm forestry applications, and 'permanence' could include the sustainable harvesting and replanting of plantations and farm forestry.
- 8.14 Existing RFAs should be renewed, including principles of review, consultation, evergreen extension and concrete timelines. The renewed RFA must be agreed at least three years before the expiry of the existing RFA, and the overall RFA regime must be renewed to ensure ongoing monitoring and periodic assessment of each renewed RFA.
- 8.15 There should be an evaluation of the concept of 'stewardship' payments to reward private forest owners for biodiversity outcomes in their forests. This should be funded through the market, so that wood producers are rewarded for products that come from forests where biodiversity is well managed.
- 8.16 The Australian government should decide whether the encouragement of long-rotation plantations is an appropriate objective of policy. If it is, then

it must be established whether it is necessary and appropriate for government to provide an incentive to meet that objective. It must also be assessed whether MIS is the best mechanism to meet that objective, and if so, whether it needs to be altered to make it more effective.

- 8.17 The expansion of farm forestry will rely on provision of, and access to, enabling infrastructure. This is an important policy challenge for all Australian governments. In addition, farm forestry (and extension services to support it) should be explicitly included for funding under Caring for Our Country.
- 8.18 The use of forestry biomass can be a sustainable way to provide renewable energy. The use of native forest biomass should be supported where it is a true waste product that does not itself drive harvesting of native forests.
- 8.19 These areas of action will help the forestry industry to take up the opportunities outlined throughout the report. In addition, there are priorities for 'additional support' discussed below.

Additional support

- 8.20 As noted above, there are further priorities for support that will enable the forestry industry to take up the opportunities above, and to ensure its viability in the long term. These are
- innovation;
 - professional education and training;
 - social licence; and
 - certification.

Innovation

- 8.21 A persistent theme of the inquiry focussed on the need for research and development in the forestry industry. These calls came from industry, community and environmental organisations, as well as academics. This need was identified across all areas of the industry, including native forestry, plantation forestry, farm forestry, product development and energy generation.
- 8.22 Partway through the inquiry, it was announced that Cooperative Research Centre (CRC) for Forestry was unsuccessful in its application for ongoing funding. The Committee is supportive of the work produced by CRCs and the competitive process for awarding funding to these groups. However, the fact that CRC for Forestry was unsuccessful in gaining ongoing

funding raises concerns that there may be a reduction in forestry research and development activities. This means that the industry must ensure that it continues to invest in forestry research and development, and to set its own priorities for necessary innovation.

Professional education and training

- 8.23 The forestry industry provides employment in rural areas, particularly in regions where the full cycle of planting, managing, harvesting, transporting and producing forest products take place.¹ The Committee heard that forestry is no longer a low-skill, high-risk industry; it is a highly technical and specialised one.² Despite the many and varied careers available in the forestry industry, labour and skills shortages persist. Evidence suggests that this is due to a growing mining sector, the rural and regional location of forestry employment, forestry's fragile social licence and the loss of professional forestry positions in research organisations.³
- 8.24 The Committee notes the importance of encouraging more students to undertake forestry degrees, particularly as the professional forester workforce is ageing.⁴ There is a particular demand for foresters in rural and regional Australia, and at the moment, this demand is being met by workers from countries such as Canada, New Zealand and South Africa.⁵
- 8.25 Evidence suggested that recent forestry graduates found employment in traditional forestry jobs as well as in other land-based agencies, such as Aboriginal land councils, catchment management authorities and national parks.⁶ As farm forestry expands, forestry graduates will be able to increasingly combine expertise in forestry with knowledge about numerous other land uses. Foresters will continue to develop broad, integrated and innovative skill sets, and this will support the future of the industry.

1 Submission 99, A3P, p.23.

2 Mr Bob Rutherford, Tasmanian Department of Infrastructure, Energy and Resources, *Committee Hansard*, 28 June 2011, p.5; Mr Michael Hartman, ForestWorks, *Committee Hansard*, 10 August 2011, p.11.

3 Submission 99, A3P, p.24; Professor Jerry Vanclay, SCU, *Committee Hansard*, 1 September 2011, p.3.

4 Mr Michael Hartman, ForestWorks, *Committee Hansard*, 10 August 2011, p.13; Mr Andrew Wilson, DAFF, *Committee Hansard*, 15 June 2011, p.7.

5 Mr Andrew Wilson, DAFF, *Committee Hansard*, 15 June 2011, p.7; Professor Jerry Vanclay, SCU, *Committee Hansard*, 1 September 2011, p.3.

6 Professor Jerry Vanclay, SCU, *Committee Hansard*, 1 September 2011, p.4.

Social licence

- 8.26 'Social licence' is generally defined as community acceptance of the costs and benefits of an industry's activities. In essence, it means that in addition to fulfilling all legal requirements, the industry has the support of the public.⁷ It was widely accepted that the forestry industry needs to improve its social licence and that this was partially due to the politicisation of forest management decisions.⁸ In the forestry context, this support must come from both rural and urban communities.⁹ A strong social licence could enhance employment opportunities, lessen social conflicts and provide industry with greater certainty. Social licence in the specific context of native forestry was also discussed in Chapter 4.
- 8.27 Social licence is a 'moving feast' – there will always be different opinions in the general community about particular industries, and there will never be absolute agreement about how those industries operate. However, the forestry industry can make a difference to its own social licence. One of the greatest sources of increased social licence can be the income that regional and rural communities see in their economy as a result of a vibrant forestry industry. Additionally, it can be promoted through forest certification.¹⁰ It was also noted that local community support for plantations could be garnered through 'good neighbour' charters.¹¹

Certification

- 8.28 The Committee heard extensive evidence on the merits of certification for forests and forestry products from various industry and community organisations.
- 8.29 Australian Forestry Standard Limited (AFSL) administers the Australian Standard for forest management (AS4708-2007) and for forest products chain of custody (AS4707-2006). Over ninety-five per cent (10.2 million hectares) of Australia's large production native and plantation forests are certified to the forest management standard by independent, accredited auditors.¹² Forest Stewardship Council (FSC) Australia operates interim forest management and chain of custody standards that certify over

7 Submission 35, TCA, p.3.

8 Mr Martin Adams, TCA, *Committee Hansard*, 24 June 2011, p.1-2; Submission 35, TCA, p.5; Submission no. 53, Dr Douglas Head, p.2.

9 Submission 38, Nature.Net Pty Ltd, p.3.

10 Submission 35, TCA, p.4; Mr Jim Adams, TCA, 24 June 2011, p.2, p.4.

11 Submission 35, TCA, p.9.

12 Submission 117, AFSL, p.2.

600,000 hectares of both native and plantation forests in Australia.¹³ FSC Australia is currently developing a national forest management standard that would be endorsed by Australian stakeholders and accredited by FSC International. FSC Australia requires upwards of \$1 million over the next two years to undertake this process.¹⁴

- 8.30 The Committee heard that certification of forest management and chain of custody can provide benefits in areas such as risk mitigation and international trade.¹⁵ Certification is the main way that the forestry industry can tell customers about the environmental, social and economic credentials of its products. It is one of the best ways for the industry to tell the ‘good news story’ about its sustainable practices. But certification is two-way communication: it also enables the industry to understand what consumers want to buy, the expectations they have about forest management, and the priority they place on intergenerational equity through sustainable forest management. The Committee encourages the industry to listen carefully to what the certification schemes are saying about customer demands, because that will help them to remain competitive into the future.

Committee comment

- 8.31 Given its understanding that the original development of AFS standards relied in part on financial support from the Australian Government, the Committee believes that financial support should be made available for the development of Australian FSC standards. The funding should be made available with the expectation that the standards are fully developed, implemented and approved by FSC International within five years.

Recommendation 18

- 8.32 **The Committee recommends that the Australian Government provide funding to FSC Australia to support the development of the proposed FSC national standard, with the expectation that the FSC national standard will replace the interim standard within five years.**

13 Submission 111, FSC Australia, p.2.

14 Submission 111, FSC Australia, p.3.

15 Mr Michael Spencer, FSC Australia, *Committee Hansard*, 17 August 2011, pp.2-3, pp.6-7.

A national discussion

- 8.33 As noted near the beginning of this report, the National Forest Policy Statement of 1992 is the fundamental reference point for forestry policy in Australia. The Committee fully supports the Statement, and believes that it has played an extremely important role in forestry in the almost two decades since it was agreed. There are three areas of policy that are not explicitly covered by the Statement, and the Committee believes that all Australian Governments should discuss ways to agree to national policies in these areas. Taken together, the Statement, the recommendations in this report, and the discussion areas below will provide a strong and comprehensive national approach to forestry.
- 8.34 The first area for discussion is the impact of and opportunities from climate change on forestry. It is important that Australia have a national approach to climate change and forestry. As noted throughout the report, there are numerous ways that climate change will impact on forestry, and the Committee is keen to see an agreed national policy that will set the context in which the industry will deal with this impact.
- 8.35 The second area for discussion is a national approach to farm forestry. As discussed in Chapter 6, there are a number of ways that governments can support the expansion of farm forestry. The Farm Forestry National Action Statement (of 2005), combined with the recommendations in this report, provide a good starting point from which to consider further agreement on supporting farm forestry's expansion.
- 8.36 The third area for discussion is around the likely future demand and supply scenarios, and the question of whether Australia should aim for wood supply security. As noted in Chapter 3, finding agreement on these issues will provide additional certainty to the forestry industry, and the Committee believes that these discussions must be considered as part of a national approach to forestry. In addition to the recommendation made in Chapter 3, the Committee believes that all governments should engage in broader discussions about how different demand and supply scenarios will affect the industry, at the local, regional and national level.



The Styx Valley, Tasmania.

Recommendation 19

8.37 The Committee recommends the Australian Government lead a process of discussions with all state and territory governments, to consider national approaches to:

- Forestry and climate change;
- Farm forestry; and
- Future wood product demand and supply.

Conclusion

8.38 This inquiry has come at an important time for the forestry industry, and the Committee has been privileged to visit some of Australia's timber communities to talk about the future of the industry. One of the most important aspects of an inquiry is to spend time listening to people about the things they know best, and the Committee is grateful for the

contributions of all those who made submissions and attended hearings. The future of the forestry industry is full of promise and opportunity, and the Committee firmly believes that, with the right policy settings, the industry will be able to take advantage of each and every opportunity. The forestry industry will thus continue to play the important role it does in Australia's economy, particularly in rural and regional areas.

Hon Dick Adams MP

Committee Chair

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