

The Institute of Foresters of Australia

ABN 48 083 197 586



12 May 2009

The Hon Will Hodgman MP
Hobart Office
Parliament House, Hobart
Tasmania 7000

Dear Mr Hodgman

Thank you for the opportunity to contribute to the Liberal party of Tasmania's policy development process. The Tasmanian branch of the Institute of Foresters of Australia considers itself uniquely positioned to provide input into policy development which relates to the States forest and wood products industries.

The Institute of Foresters of Australia is a professional body of over 1300 foresters, the members of which are engaged in all branches of forest management and conservation in Australia.

The IFA is strongly committed to the principles of sustainable forest management and the processes and practices which translate these principles into outcomes.

Forests are part of the landscape and continue to build Tasmania. It is now a fact that no other agricultural activity or renewable resource industry has the level of checks and balances as applies to the Tasmanian forestry. Over a number of years, the forestry sector has been the focus of numerous studies and inquiries that have provided a catalyst for forest based industries to move forward in ways that continue to meet community expectations without placing undue burdens on business or individuals.

In Tasmania, rural populations continue to decline as families exit regions and existing farms have been amalgamated into larger holdings. Today, many farming families rely on off-farm income to remain financially viable and the availability of such income influences whether families remain within a region. It is therefore important that government policies encourage regional communities to actively seek innovative new investments and alternative land uses as a means of creating employment, retaining young people and maintaining the economic, community and environmental values of a region.

Farmers will always pursue more economic crops to remain viable, and tree crops offer many farmers this opportunity. In Tasmania, there are around 5,000 farms, of which up to 1,600 manage native and plantation forests for commercial returns. This high level of farm forestry activity is actively supporting processing industries and significantly contribute to natural resource management outcomes while providing diversification of farm income. Therefore, I encourage the Tasmanian Liberal party to support choice, and allow land owners the freedom to choose which crops they want to grow, and where.

Today, Tasmania is achieving a sustainable balance between the needs of forest-based industries, the community, existing agricultural activities and the environment. Sustainable forest management is increasingly important for market access and acceptance by our domestic customers and international trading partners. Tasmania was the first state in Australia to introduce a comprehensive planning system for forestry, encompassing forest practices legislation, policies and processes. This States forest practices demonstrates our commitment, along the supply chain, to sustainable

Tasmania is the only State in Australia to be a net exporter of forest products. This position has helped to cushion our forest reliant businesses. However, the prolonged and deepening impacts arising from the Global Financial Crisis (GFC) is now impacting on Tasmanian forestry and forest industry workers and their families.

Extended shutdowns over Easter, contractors going into receivership and job shedding are examples of the impacts the GFC has had. These impacts have been magnified through reduction in demand for wood products, international market contraction and restriction on the capital necessary to support investment and cash flows.

The emergence of a carbon focused economy is also creating challenges, many which are likely to increase costs to businesses and impact on competitiveness at a local and international level.

However, in the midst of this crisis, I am pleased to advise that businesses continue to invest. New plantations are being planted this year, existing forests continue to be well managed, and businesses are investing in new equipment, training and actively looking to maintain market share and develop new opportunities.

To provide job security and to maintain community services, it is critical that a future Tasmanian Government demonstrate strong leadership creating the foundations for a stronger economy post GFC and under a carbon economy.

Supporting and nurturing innovation provides future Government opportunities to demonstrate commitment in aiding individuals and businesses to adapt to change and, in doing so, maintain their competitiveness and strengthen our economy.

In my capacity as State Director, IFA, I am aware of a strong culture of innovation within Tasmania's forests and wood processing industry and the many examples of innovative approaches undertaken by individuals, businesses and organizations across supply and value chains to remain competitive.

It comes as a surprise to many that globally, as well as within Tasmania, forest industries have been leaders in innovation. This has often resulted in the transference of skills, knowledge and approaches across to other sectors, and benefited those sectors as a result.

The most dramatic example of innovation internationally is the evolution of Nokia. It is not surprising that in a country where forestry and forest-based industries are such an integrated part of the economy, a company like Nokia has evolved from a traditional forest owner and paper and cardboard products company to one of the leading technological innovators.

Although our forests and wood products industry does not have the global impact Nokia does, it is as important to Tasmania as Nokia is to Finland's community and economy.

The Tasmanian forest and wood products industry and its culture of innovation have helped develop this State. Indeed, without such a culture, this industry would have disappeared long ago. It is the second highest contributor to the Tasmania's gross state product, contributing up to \$1.6 billion in spending, directly employing over 6000 people, and up to 10,000 across supply and value chains. Tasmania's forest industry also includes around 500 businesses, many smaller, family owned enterprises, and around 1600 private forest growers (the majority being farm based).

I note that a recent publication by the Tasmanian Forests and Forest Industry Council, "*A Culture of Innovation: Highlighting Innovation within Tasmania's Forests and Wood Products Industry*", documents the sectors responses to change through innovation. I recommend this paper be reviewed when developing appropriate policies.

I am also aware that innovative solutions will be required to respond to emerging markets for new products that may arise from global initiatives designed to combat climate change as well as increased community demands for change relating to forest management.

When considering carbon mitigation policy, I urge you to consider the positive role that active forest management and the use of wood products play in meeting reduction targets being set by governments. To date, all reputable international, national and State reports investigating options to reduce the impacts of climate change recognize the positive role the forestry sector plays. Indeed, no targets are able to be met without integrating the benefits forestry provides, as this sector is the only sector that can currently be considered a carbon sink.

Australian and Tasmanian scientists are investing in research and development to better understand the role of forests in the climate debate. I am pleased to advise that many leaders in this field are members of the IFA.

Research sponsored by Forest and Wood Products Australia indicate that harvested wood products store carbon, up to an equivalent of 1.28 tonnes carbon dioxide per tonne of wood. Further information is available at [//www.fwpa.com.au/Resources/RD/Reports/PR07_1059_carbontrading_web.pdf?c=4&pn=PR07.1059](http://www.fwpa.com.au/Resources/RD/Reports/PR07_1059_carbontrading_web.pdf?c=4&pn=PR07.1059) .

In 2008, the Bureau of Rural Sciences reported that about 3.8 million tonnes of carbon, equivalent to about 0.06% of the total carbon stored in native forests, was removed by harvesting within managed native forests. This relatively small removal was exceeded by new growth of about 43.5 million tonnes of CO₂, equivalent to about 11.9 million tonnes of carbon. These figures take into account the decay of slash produced during harvesting. Therefore, yearly sequestration of carbon in 2005 was about three times yearly emissions and removals arising from managed native forests subject to harvest and regrowth from prior harvest.

Further, the CRC for Greenhouse Accounting developed the TimberCAM model which tracks the fate of carbon stored in wood products through their life cycle from harvest through to manufacture, service and disposal. From a national perspective, Australia's National Greenhouse Gas Inventory estimated that the total amount of carbon storage in wood products 'in-use' in Australia in 2005 was 354 Mt CO_{2-e}. This pool is estimated to be increasing at a rate of 18.3 Mt CO_{2-e} annually (http://www.fwpa.com.au/content/pdfs/new%20pdfs/PR07_1059_carbontrading_web.pdf). In addition to carbon storage in use, the total CO_{2-e} storage in wood products in landfills was estimated to be approximately 499 Mt CO_{2-e} in 2004, and this pool was found to have increased at a rate of 5.9 Mt CO_{2-e} during 2004 (<http://www.fwprdc.org.au/content/pdfs/Leading%20Edge/2006%20December.pdf>).

This research indicates strongly that forestry and wood products have a positive role and backs up recent studies which show that by choosing wood products wherever possible in construction, up to 25 tonnes of carbon dioxide per house could be saved.

The benefits of promoting and supporting this sector are highlighted in the table below, which clearly demonstrate that wood products have a low carbon manufacturing footprint.

Product	GHG emissions per tonne material (CO₂-e/t)	Emissions from electricity (%)
Hardwood (rough sawn kiln dried)	0.23	50
Softwood (rough sawn kiln dried)	0.234	64
MDF	0.726	47
Particle board	0.982	9.9
Aluminium	22.4	83
Steel (blast furnace)	2.55	5.9
Steel (scrap-based electric arc)	1.1	81.8
Cement	0.77	13

While work is being undertaken in Australia, I recommend also you review information produced in Great Britton by the ‘wood for good’ organization whose focus is to increase the value of wood sold by promoting wood’s role in sustainable construction and in helping to mitigate climate change. The information provided is more sophisticated than that produced in Australia, and is available at www.woodforgood.com.

In view of the above information, the IFA would urge the Tasmanian Liberal party to consider government procurement policies which encourage the use of wood products, especially as we do not have a steel industry in this State. As a guide, you may wish to consider the initiative introduced by the New Zealand Government which requires a wood products suitability assessment be undertaken as part of their procurement requirements. A similar approach has the real potential to increase the use of solid and veneer wood products in Tasmania and would send a positive message in regards to climate change commitments. In addition, such a policy would directly support the 6000+ Tasmanian people directly employed in the forest and wood products sector for their future.

When considering policy development, I ask that you consider the dominant role private capital investment has in ensuring businesses are able to remain competitive and contribute to this State’s economy and our communities.

Inappropriate policies will increase sovereign uncertainty and undermine investor confidence, jeopardise critical developments and place at risk Tasmania’s future economic prosperity. The IFA recognise this and urge the Tasmanian Liberal party to approach policy development cautiously to avoid changes which undermine this States forest industry.

It is therefore appropriate that a future Tasmanian Government consider polices which reduce sovereign risk and support economic growth. A strong, consistent and non-discriminatory regulatory system will continue to support the sector only where such a balance is achieved. There is a strong role for governments to maintain such a balance. There is also further scope to refine existing frameworks to ensure they deliver enhanced security and thereby contribute to attracting new investment.

The IFA recommend that a future Tasmanian Government undertake a review of existing policies and legislative changes over the last 5 years to ensure our regulatory and planning systems have applied best practices with agreed international and domestic approaches in a consistent and fair manner which applies triple bottom line assessments.

The IFA also urge the Tasmanian Liberal Party to consider policies which recognize we are entering the age of the ageing, and this demographic change is impacting on industries ability to attract and retain skilled employees. The strength of this State's economy relies on local businesses to provide real and valued career opportunities while maximizing productivity and maintaining viable regional communities.

However, difficulty in attracting and retaining appropriately skilled workers at all levels of the labour force can constrain forest industry development and investment by increasing costs and uncertainty for investors.

The IFA consider there are opportunities for a future Tasmanian government to build stronger links between industry, and education and training organizations: recognizing the differences in vocational training and higher education training, to develop systems to support career development not just job placements

A future Tasmanian Government can assist the development of a strong economy through a consistent approach to regional and project planning, and take a lead role in developing efficient and integrated logistical supply chain networks, in a manner which supports investment, competitiveness, efficiencies and competitiveness across the supply and value chains.

It is also critical that a the Tasmanian Liberal party continue to support the *National Forest Policy Statement*, the *Tasmanian Regional Forest Agreements* and *Plantations for Australia: the 2020 Vision* plantation development strategy. These policies have helped strengthen Tasmania's forests and forest industry, provided stability in employment and created opportunities for new employment, supported innovation and ensured Tasmania's economy remained strong during difficult times.

The IFA looks forward to the continuation of bipartisan support for the vital Tasmanian forest sector and working with all elected community representatives to achieve a balanced and scientifically based outcome with respect to our forest management.

Yours faithfully

A handwritten signature in black ink, appearing to read 'A. Wye', with a long, sweeping flourish extending upwards and to the right.

Andrew Wye
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