

14 October 2022

Hon. Michael Ferguson MP
Treasurer
House of Assembly
Parliament House, Hobart 7000

Email: communityconsultation@treasury.tas.gov.au

Dear Treasurer,

TFPA Submission: State 2022-23 Budget Community Consultation

Tasmanian forestry is renewable and is carbon friendly. Trees use the sun's energy to produce wood, rather than rely on fossil fuel inputs, and remove carbon emissions from the atmosphere in the same process.

We are a vital part of our great state.

The Tasmanian Forest Product Association (TFPA) is the peak body for forestry that undertakes policy development, lobbying and advocacy for members interests. TFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp, paper and bioproducts

TFPA members contribute to the direct value of the Tasmanian forest industry that is worth over \$700 million at the point of sale, and over \$1.2 billion when considering the flow-on-effects generated in other industries because of spending by the forest industry.

Much of this activity is concentrated in regional parts of the State. Even more importantly, our forest products industries have the potential to grow significantly over the next decade if policies are in place to support this vision.

Please find attached our initiatives for your consideration. We look forward to your continued support of our industry.

Yours faithfully,



Nick Steel
Chief Executive Officer

Tasmanian Forest Products Association State Budget Submission

1. Plantation Timber Innovation Plan

Tasmania is in a fortunate position compared to other mainland states where we have a sustainable mixed forest industry made up of native forest and plantations on private and public land.

Our plantations, some 302,000ha, are made up of 25% softwoods and 75% hardwoods. As a larger volume of plantations become ready for harvest there is an opportunity for processors to complement their native forest volumes. Also, industrial-scale plantation growers are considering their options for some of their estate to increase the growing time before harvest.

Plantations, with our native forests, are being recognised more and more as an important resource to supply the building and construction industry to build our homes.

To improve and assist forestry businesses to utilise plantation timber now and for the future we need to:

- Upskill and tool-up industry to process or manufacture using plantation timber
- Explore processing, harvest and haulage options
- Investigate downstream manufacturing opportunities using plantations; and
- Develop new products using plantation timber.

The industry knows that the long-term nature of timber plantation investment requires stable and transparent government policy settings. Part of this is to address legislative and administrative impediments that adversely affect the industry. These include:

- the government regulatory costs, including private forest levy and forest practice plans, being imposed at the planning and establishment phases rather than at the revenue generation phase (this applies to native forests as well); and
- plantations are excluded, at the landscape scale, from classes of agricultural productivity, as a measure to prevent industrial expansion into prime agricultural land, which is a real or perceived barrier to smaller scale, integrated plantation establishment.

What we need from Government:

- 1.1. To develop a Plantation Timber Innovation Program to provide grants for investment in plantation timber processing and manufacturing.
- 1.2. To work with industry to recognise timber plantations as a legitimate form of agricultural cropping across all soil classes.
- 1.3. To work with industry to provide policy and financial incentives that will assist with plantation growers planting more trees that includes the conversion of hardwood plantation to longer term rotation with thinning and pruning to produce sawlogs.

2. Forestry is a Solution to Future Housing Needs

Increasing the use of timber in building construction will be a vital way of turning our built environment into functional carbon-storage, as trees lock up carbon as they grow and once harvested that carbon remains stored in the timber for as long as it is part of that structure.

This is a reason for the push for more sustainable and low-carbon building solutions and materials that is leading to an increased demand for using timber in construction and design.

An adequate timber supply is crucial to securing the long-term housing needs of Tasmania. We can't build houses if we do not have the timber to build frames, floorboards, stairs and wood-based panels.

A report by Master Builders Australia and the Australian Forest Products Association shows Tasmania is headed towards a major cliff in timber framing production, concluding we will be 5,100 house frames short by 2035 – more than the equivalent of Kingston or Ulverstone.

It's in Tasmania's interest to secure our local timber supply by ensuring our forest resource can meet future housing demand. Timber shortages are a handbrake on our recovery, limiting our ability to meet community demand for housing. As the timber shortages of the past 18 months have shown, we cannot rely on imports to fill the gap when we have increased construction activity.

We agree with the Government's draft Housing Strategy that access to safe and secure housing is critical for many Tasmanians. To build 10,000 new social and affordable homes by 2032, the one key ingredient missing in the Strategy is the inclusion of a sustainable local timber supply.

What we need from Government:

- 2.1 Forestry and timber industry being recognised as a stakeholder in the housing strategy.
- 2.2 To work with industry to seriously tackle the policies including long term wood supply, utilisation resource, creation of new markets and wood encouragement policy, which will drive confidence and surety for new plantings of the right types of trees at the right scale and in the right places.

3. Protecting and Expanding our Resource

There is a clear case for maintaining and growing a strong domestic forest and timber industry. The social, environmental and economic benefits the sector delivers from internationally certified and sound forest management practices are essential for Tasmania's growth.

Tasmania manages multi-functional forests on a sustainable basis that helps to reduce greenhouse gas emissions, which is supported by the Intergovernmental Panel on Climate Change that states; "A sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fibre or energy from the forest, will generate the largest sustained mitigation benefit".

Tasmania's emissions are the sum of CO₂-e pollution from all sectors of our economy, less removals from land-use, land-use change and forestry (LULUCF). Forestry plays a big role in Tasmania's net negative emissions profile including forests under conservation, harvested products storing carbon and replanting of forests.

Long-term security of resource supply is essential to underpin investment in processing and value adding into the future. Additionally, fire management, to protect our forests, is just as important to reduce the incidence and impacts of unwanted fire through better land management practices.

Fire management is critical, and we have a range of services to assist, however protecting our assets from fire is becoming harder and harder to obtain. The industry is facing challenges across the board, ranging from contractors having difficulty in getting heavy equipment cover through to the processing sector facing very high premium increases, and limits on the amount they can insure. And then there are the issues getting insurance for forest estates.

The forest products industry remains critical to Tasmania's current and future economy. To ensure a strong, diverse and developing industry in the future we must work together towards providing resource assurance.

What we need from Government:

- 3.1 Investigate options to enhance the productivity of state-owned forests to improve log recovery.
- 3.2 To provide a clear analysis of Tasmania's greenhouse gas emissions, especially targeting and explaining LULUCF sector and sub-sets, to be made publicly available.
- 3.3 Industry to be provided security by delivering long-term contracts to processors to access the minimum 137,000m³ volume that will reinforce certainty for investment and jobs.
- 3.4 To work with industry on ways we can collaborate to mitigate the risk of fire across land tenures and consider better ways to provide resource assurance from bushfires.