

12 December 2014

Agricultural Competitiveness Taskforce
Department of the Prime Minister and Cabinet
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Agricultural Competitiveness Green Paper

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide comment on the Agricultural Competitiveness Green Paper (Green Paper).

AFPA is the peak national body for Australia's forest, wood and paper products industry. We represent the industry's interests to governments, the general public and other stakeholders on matters relating to the sustainable development and use of Australia's forest, wood and paper products. Our industry makes a significant contribution to the economy, especially in regional Australia.

AFPA members own and/or manage large tracts of commercial hardwood and softwood plantations, as well as natural forest, in all States, supplying wood fibre and products both domestically and for export. In addition, AFPA also represents wood and paper product processors (including sawmillers, engineered wood, pulp and paper product manufacturers) which are dependent on this wood fibre supply for value-added production.

The forest, wood and paper products industry is one of Australia's largest manufacturing industries with an annual turnover of \$21 billion. It contributes around 0.6 per cent to Australia's gross domestic product and 6.7 per cent of manufacturing output. In 2011-12, approximately 77,300 people are directly employed in the industry, including 15,000 people in the forestry and logging sectors and 44,000 people in the wood manufacturing and 18,000 in pulp and paper manufacturing sectors (ABARES 2013). A total of 200,000 jobs are supported through flow on economic activity.

The forest, wood and paper products industry is predominately regionally based, sharing common boundaries and policy issues with many other agricultural industries. The industry is also an important contributor to many rural communities, providing employment opportunities, as well as helping to diversify and strengthen regional economies.

The growing of a tree crop, either by establishing a plantation or regenerating native forest, is little different from the establishment of an agricultural crop. These tree crops are a biological resource that produces renewable wood and paper products. They also provide a range of environmental benefits, including the carbon stored over time in the growing forests and harvested products (which also have a high propensity for recycling and reuse). In addition, relative to alternative materials such as steel, aluminium and concrete, wood products have very low embodied energy, with very low fossil fuel energy inputs in their production.

Given our forest, wood and paper product industries are closely related to agricultural industries, and can provide complementary and integrated land use options such as agroforestry and silvopastoralism, AFPA was surprised that the forest sector was effectively excluded from the Agricultural Competitiveness White Paper process. The Terms of Reference (ToR) explicitly stated that it 'will not consider industry competitiveness issues associated with the fisheries and forestry sectors'. AFPA argues that, as a regional-based land-use sector, the forestry and associated wood and paper product industries have many common issues with the broader agricultural sector.

At the invitation of the Minister for Agriculture, AFPA provided a detailed submission on the Agricultural Competitiveness Issues Paper (refer *Attachment 1*). This concentrated on the 'boundary issues' that directly impact on both sectors, including: Government approval and regulatory processes; investment and trade; research and development; regional infrastructure; holistic land management and integration of agriculture with forestry with other land uses; water management; carbon emissions reduction and climate change impacts; biosecurity and certification.

We recommend that the key points contained in the previous AFPA submission are given further consideration and addressed in the White Paper.

The eleven policy idea categories proposed in the Green Paper for agricultural industries can equally be applied to benefit and improve the competitiveness of the forest, wood and paper products industry. These include:

- **Infrastructure:** with the need for better planning of transport infrastructure servicing major forest processing hubs and greenfield development, including the maintenance and development of new roads, rail and ports and improving the links between this infrastructure. Also, forest industry related projects should have equal access to major regional infrastructure programs, such as the Stronger Regions Programme.

- **Federal, State and Territory relations:** the need to continue efforts to reduce duplication of federal and state regulations as they relate to land management, and continuation of actions to reduce red and green tape. Also, simplifying native vegetation laws as they relate to the retention of remnant vegetation and maintenance of riparian zones in new plantation establishment. In addition, ensuring consistency between national and state biosecurity regulation.
- **Competitiveness and regulation:** the need for further work to strengthen competition laws through the Competition and Consumer Act (CCA), particularly removing the exemption for consumer and environmental groups from the provisions which prohibit misleading or deceptive information and conduct (i.e. section 18 of the CCA) and secondary boycotts. Also, the need for changes to the regulation of AgVet chemicals, such as relying on the advice of trusted foreign regulators and allowing the Minister to issue temporary permits for chemicals [especially useful in an emergency biosecurity incident].
- **Finance, business structure and taxation:** access for forest owners to special provisions including general tax concessions, income averaging, managed deposits and accelerated depreciation. Also, creating incentives to encourage greater investment in new plantation development to support the expansion of, and new, investment in processing facilities, enabling them to remain competitive in increasingly global markets.
- **Foreign investment:** encouraging responsible foreign investment by appointing a senior investment specialist for forestry and forest product investments in Austrade to help facilitate suitable investments that contribute to forest industry growth.
- **Water and natural resource management:** the need for consistency in the National Water Initiative, with plantation forestry treated equally with other dry land agricultural activities, rather than singled out as a significant water interception activity.
- **R&D:** better recognition of the serious decline in forest sciences capacity over the past decade, and the need for reinvestment in R&D capacity and researchers in this sector which can provide multiple economic, environmental (e.g. greenhouse gas reductions) and social benefits. Increased support in R&D should include continuation of CRC type models and better recognition of forestry and advanced forest product manufacturing in programmes such as the Industries Growth Centres Initiative.

AFPA is currently participating as an observer in the newly established Forestry Industry Advisory Council (FIAC). We are encouraged by the activities of the FIAC and the commitment to produce a parallel strategic plan for the forest, wood and paper products industry. However, these planning processes should not be undertaken in isolation for the reasons identified in our earlier submission. The outcomes of these processes should be complementary, as there is a need for consistency in the Government's broader vision for regional Australia and land use policies.

For any further queries or clarification on this submission please contact AFPA on (02) 6285 3833.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ross Hampton', with a stylized flourish extending to the right.

Ross Hampton
Chief Executive Officer