



**THE HON. MALCOLM TURNBULL MP
PRIME MINISTER**

TRANSCRIPT

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**Remarks at the Australian Forest Products Association Industry Dinner 2017 Innovation Awards
Parliament House, Canberra**

E&OE...

PRIME MINISTER:

Yanggu gulanyin ngalawiri, dhunayi, Ngunawal dhawra. Wanggarralijinyin mariny bulan bugarabang.

I acknowledge that we are gathered on the lands of the Ngunawal people and we recognise and honour their elders past and present.

Thank you too Greg for your introduction.

I'm really thrilled to be here tonight. This is my third forest industry event in the last month.

You know, the forest industry is one that is as old as Australia. When the Ngunawal people were caring for this country 60,000 years ago, they were harvesting the timber and forest products of this region to make all of the things they needed. Their utensils, their tools, their houses, everything that they needed.

And so it has been the ultimate renewable resource of which Anne spoke, the forestry industry. It is an industry that is as ancient as mankind itself, but as new and as modern as the latest engineers, the most modern, most sophisticated engineers and science that I'll talk about in a moment.

You know in Tasmania just a little while ago, I saw how James Neville Smith, running a 100 year old family business, turns sustainably grown native timber into beautiful flooring.

But also you have so much modernity and dynamism.

Above all this is an industry that looks to the future, to advanced manufacturing, biofuels, new carbon-positive building such as XLam's new cross-laminated timber plant near Wodonga, the first of its kind in Australia. I'm really looking forward to visiting the plant when it opens.

I want to acknowledge the work of the Forest Industry Advisory Council, in particular its chair, Mr Rob De Fegley, we go back a long way. It's good to see you again. The vision in your recent report into how

to transform the industry, is simple yet profound; expand into the bio-economy to triple your value by 2050. Or put another way, 'the right trees in the right place at the right scale'.

Of course you have to remember that in Australia, not only do we have a lot of trees – and I'll come to that in a moment – but we have an extraordinary diversity of trees. I mean think simply of the eucalypt, the eucalypt species. It goes from the snowy peaks of the Snowy Mountains all the way up to the tropics. It goes from the snow line to the tropics. 800 species in total. Rich in diversity. I would think the most beloved Australian emigrant ever; the Ecuadorians in fact put it on their national stamps to celebrate it. Of course it's all one species, it's all – as far as I could tell when I was in Peru anyway, it all seemed to be *E. globulus* subspecies, *bicostata*, which is a Victorian *Eurabbie*, a larger tree than the Tasmanian one. But it's all one species and of course outside of Australia, they don't have the Australian insects so they seem to be even healthier.

Anyway, I'm digressing. I'm very keen on trees. It is a brilliant industry.

Now few understand the role you play in capturing carbon and advanced manufacturing.

I mean think of this; all of this timber here, is 50 per cent carbon. So you talk about capturing carbon for biosequestration. You plant a tree, turn it into a house, turn it into a floorboard, turn it into a wall and you are taking carbon out of the atmosphere and holding it, storing it.

Now the technologies you're using nowadays – ultrasounds, robotic precision manufacturing, and of course the emerging world of biomaterials – all add to the sophistication of the industry.

Today your industry accesses just 5.5 million hectares of the 125 million hectares of native forest, sustainably harvesting just half a percent annually with regeneration after harvest.

Today the plantation estate stands at 2 million hectares and makes up about 80% of the whole sector's economic contribution.

But I think – and I know Rob would be very keen on this too – I think, there is a lot more that can be done in terms of plantations. So many more species, Australian species I'm talking about as well, that can be planted in plantations because for the purposes for which plantations were designed, they tend to be limited to a few species, the one I mentioned and of course Shining Gum as well. But it is the richness of our forest resource, the earlier speaker - I came in halfway through the speech - was talking about the beautiful decorative timbers in this building.

There is an enormous richness in Australian timbers. If you look at some of the old Australian timber, if you look at the beautiful flecked veneers – the pale timber with the black flecks of *Casuarinas*, you know, a tree that most people would not regard as a particularly beautiful tree in itself, other than sometimes if you see a particularly big one along a creek bed.

But nonetheless there is so much richness in all of our trees. We can do so much more with them. This is an industry that I think has a great resource - it's an enormous resource – but in many respects it's greatest resource is you and it's wonderful that you're so committed, you're so inspired, you're so determined to do more. The ambitions you've described of exporting more is so important.

We should be a forest industry international powerhouse. We have the trees, we have the great industry, we have the science. What we have to do, is get on with it.

I can assure you, as you'll hear in a moment, we're very committed to helping you do that.

Now we understand that you have long lead times, you need long term certainty and so it's vital that governments get the policy settings right.

So tonight I'm very pleased to announce that Anne Ruston will help us develop a new government plan that will underpin growth in the renewable timber and wood-fibre industry.

Anne's work and our new government plan will give you the vision and certainty you need.

We're committed to developing this industry as a growth engine for regional Australia.

That's why we have made the investments and decisions that Greg mentioned in his opening remarks.

Greg made the telling point that we are the seventh most forested nation and yet we import so much more timber than we export.

That's what we've got to change

I mentioned James Neville Smith before. His business depends on secure timber supply under our extended Regional Forests Agreements – and affordable energy to drive his mill.

Rising energy prices, which Greg mentioned, are placing a huge burden on your industry. They're taking too much out of household budgets as well. We must bring them down and we're taking unprecedented action to do so.

Now our energy policy is driven by economics and engineering, not ideology.

Our focus is on affordability and reliability, which is critical to your industry and so many others across the nation.

We are working hard to secure Australia's energy future, which means ensuring Australians have access to reliable baseload or dispatchable power, not just today but in the months and years ahead.

So we've taken action. Recently we commissioned the energy market operator AEMO, to analyse the future of dispatchable power in our energy market, in the immediate, short term, medium term and longer term.

Their finding, that you'll have all read about in the news, is that the closure of Liddell power station in New South Wales in 2022 will create a large gap in reliable baseload power, in the national electricity market, the east coast essentially and South Australia.

I've made it clear that we will not allow this gap in baseload power to occur.

So naturally we are exploring all options to fill this gap. We cannot have another event like the closure of Hazelwood, which whatever you may think of the Hazelwood power station, its closure at such short

notice, taking so much dispatchable power out of the energy market, caused a dramatic rise in wholesale energy prices.

In New South Wales alone, it was over \$50 a megawatt hour, nearly double the wholesale price of electricity.

So you know ideology and good intentions are not enough; you have to be very hard-headed about this.

Equally you've got to be prepared to say that if engineering and economics are your guide, you will have an 'all of the above' approach. All technologies have an important role to play, biomass is one of course you're very familiar with. But equally, if you're going to have - as we have and will in the future - a large share of your energy generation coming from renewable sources, wind and solar, we recognise that the sun doesn't shine all the time and the wind doesn't blow all the time.

But until recently as a nation we paid very little attention, if any, to the need to provide storage to back those renewables up.

So that is why we are getting on with the largest renewable energy, the largest storage project, ever undertaken in Australia. It will be the largest in the Southern Hemisphere and it's the largest renewable project since Snowy 1; Snowy Hydro 2.0. It will add 2,000 megawatts of generation, of storage, be able to store, be able to deliver, 2,000 megawatts for seven and a half days. That's how it's connecting two big dams with about 700 metres difference in head, connecting those two will enable energy to be stored when it's cheap, in the middle of the night when wind mills are blowing and no one is particularly interested in buying it. And then, used when it's in greater demand, your mills are running and people are at home turning on all their appliances.

In Tasmania we believe there is an enormous opportunity for Tasmania to become a battery for the rest of Australia. Really, on the same scale as Snowy Hydro. Hydro Tasmania is a huge hydro resource which has been neglected for a long period of time.

Tasmania has the best wind resource in the country. It's got huge capacity utilisation factors because as Tasmanians know on the west coast it is very windy. The opportunity to marry that, the ability to store so much energy and dispatch it when you need to, imagine what that adds to your renewable energy base, to dispatchability, to reliability, to affordability.

Now all of those things of course take time. You can't snap your fingers and build them in a week.

So that's why it's vitally important that we don't allow there to be unplanned closures of major generators unless - there should be no unplanned closures - but where there is a closure, there must be a plan to replace the energy it provides and the quality of dispatchability that it provides. Because a windmill or a solar panel does not replace baseload power. It may over a year generate a similar amount of electricity, but that reliability, that 24/7 availability is critically important.

So you can see what we're focused on is not a debate between coal on the one hand and renewables on the other.

Our focus is on affordable reliable energy for all Australians, for your industry and every other Australian industry.

And of course meeting our emissions reduction obligations that we've entered into. And of course your industry represents enormous opportunities, continuing in line with our policies, in terms of emissions abatement and carbon offsets.

Now I was delighted with Anthony Pratt's recent commitment to invest \$2 billion over ten years, creating 5,000 new high-paying manufacturing jobs.

I was in Tumut with him when he announced that.

Of course, I love going to Tumut, my father was born there. So I am a citizen by descent of Tumut. This of course builds on the more than 10,000 jobs created in your industry since the Coalition came to office.

Now over the last year we've seen 240,000 new jobs created in Australia. This just shows what you can do when you have confidence, the right technology, the right leadership, the right vision and the right investment.

When businesses are confident, when they know the government backs them, they invest and they hire.

That's why we are cutting company tax. Why are we doing that? It increases the return on investment. What happens when you increase the return on investment? You get more investment. What happens when you get more investment? You get more jobs and you get more high-paying jobs.

That used to be a bipartisan proposition. The debate used to only be about when it was affordable. Now apparently it is no longer a bipartisan proposition, but I can tell you we haven't abandoned economic commonsense. We know that if you cut business taxes, you get more investment in your industry and every other industry and more jobs.

So I am delighted to be here with you tonight. Sorry I can't stay for the rest of the evening. You have a wonderful, fascinating sustainable Australian industry. It's the ultimate renewable industry, let's face it. As Anne said, trees just keep on growing and your commitment to it makes me proud, makes every Australian proud and I wish you every success in the years ahead.

Thank you.

[ENDS]