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Agricultural Competitiveness Taskforce
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Submission on the Agricultural Competitiveness Issues Paper

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide comment on the Agricultural Competitiveness Issues Paper (Issues 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 Australian economy especially in rural regions.

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 further 200,000 jobs are supported through flow on economic activity. The forest, wood and paper products industry is predominately regionally based, shares common boundaries and policy issues with many other agricultural industries and is socio-economically very important to many rural communities.

The forest, wood and paper industries are based on a biological resource that is renewable. The environmental benefits of these industries include the low fossil fuel energy inputs when compared with alternative materials such as steel, aluminium and concrete. Other benefits include the carbon stored over time in forests and harvested products and the high propensity for recycling and reuse of wood and paper products.

AFPA members own and/or manage large tracts of commercial hardwood, softwood plantations, and 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.

Australia is looking for new solutions to curb carbon emissions and to enable the transition of the economy to a renewable and sustainable future. In many ways the forest, wood and paper products industries are well placed to assist the transition of the Australian economy to this sustainable, lower emissions future.

With a growing population and higher demand for a range of building, paper and energy products to meet future needs, the sector can help satisfy this demand with a renewable resource. It can also provide significant economic development and regional jobs.

However, the broader policy environment for enabling full realisation of these opportunities is yet to be developed and in many cases is impeded by the existing regulatory environment in Australia. The sector has been facing serious competitiveness pressures exacerbated by global market conditions and relatively high capital, labour and energy costs in Australia.

Forest Industries and the Agricultural Competitiveness White Paper Process

Our forest, wood and paper product industries are closely related to agricultural industries. Surprisingly, the previously released Agricultural Competitiveness Terms of Reference (ToR) stated that *'the White Paper will not consider industry competitiveness issues associated with the fisheries and forestry sectors'*. AFPA contends 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 and also significant potential that could be tapped to enhance the sustainability and competitiveness of regional communities.

AFPA has voiced our concerns to Government and requested clarification of where the forestry sector fits within the Government's competitiveness considerations. It is our contention that, without the urgent development of an equivalent 'National Forestry and Fibre Plan' consideration of the competitiveness of the forestry sector will lag behind or be forgotten.

AFPA hopes that the newly announced Forestry Industry Advisory Council (FIAC) will look to lead the development of, and consultation on, a 'National Forestry and Fibre Plan'. We would welcome the opportunity to be engaged in this process and urge that lessons learnt in the Agricultural White Paper process are applied in the formation of a 'National Forestry and Fibre Plan'.

Boundary Issues

Some initial presentations conducted by Department of Agriculture staff indicated that the White Paper will consider boundary issues that will directly impact on the forestry sector (e.g. water management, infrastructure, carbon, energy, land management and competition). Consideration of these 'boundary' issues must involve adequate consultation with all affected stakeholders.

The policy and operational framework that is developed, reformed and established around these 'boundary issues' are of significant interest to the forestry sector as we share and actively cooperate in the rural landscape with other agricultural pursuits. Constrained inputs such as land, water, investment, skilled workers, infrastructure, and energy are shared as well as other non-tenure defined issues such as fire, pests and diseases, community economic health, carbon storage.

It is important that new policy development and regulation reform is undertaken in accordance with efficient and best practice public policy principles, including:

- streamlining processes where relevant to increase efficiency and certainty;
- removing unnecessary duplication and bureaucracy; and
- reducing compliance costs and regulatory complexity on projects and businesses across the economy.

AFPA's Comments on 'Boundary Issues'

This submission details AFPA's comments on the following specific 'boundary issues' (not an exhaustive list):

1. Water Management
2. Local and State Government approval and regulatory processes
3. Regional Infrastructure
4. Carbon
5. Investment and Trade
6. Skills
7. Holistic Land Management and Fires
8. Research and Development
9. Climate Change Impacts and Drought
10. Energy and Bioenergy
11. Regulatory framework for agricultural and veterinary chemicals use
12. Integration of forestry with other land uses at a landscape scale level (e.g. Agroforestry)
13. Biosecurity
14. Certification

1. Water Management

Forest and plantation management plays an important positive role in improving water quality, salinity and erosion control, both before and after extreme weather events. The establishment of plantations and sustainable management of native forests have the potential to mitigate extreme weather events, such as intense rainfall, floods and drought (and associated erosion and water quality issues), by:

- regulating and mitigating soil erosion (impacting on sustainability of the landscape, soil fertility and water quality);
- regulating and mitigating soil salinity (impacting on sustainability of the landscape, soil fertility and water quality);
- improving water quality into key catchments;
- provision of shade and shelter for livestock; and

- carbon cycling and contribution of forestry activities to carbon sequestration to help mitigate future climate change (e.g. soil and carbon retention).

Plantations and managed forestry also have the potential to deliver important environmental and related benefits including improved water quality, livestock productivity; soil erosion control, improved vegetation and soil condition. These benefits can help mitigate against some of the adverse impacts from extreme weather events such as intense rainfall events, floods and drought.

Government needs to lead a more targeted and balanced approach to land-use management and policy development in Australia. From a broad landscape and water planning perspective, water resources need to be used more efficiently and managed in an equitable and sustainable manner. However, recent water policy development has irrationally targeted forestry activities relative to other land uses which can lead to perverse economic and environmental consequences.

In many jurisdictions, the development of water policy has been simplistic in its approach to the treatment of interception by plantation forests. There is inadequate recognition of the broader socio-economic and environmental benefits from plantations and a failure to equitably include interception by other dry land crops in the planning framework.

Recommendation 1: The Government to undertake further reform of water management policies and regulations to ensure they are based on:

- evidence and sound science;
- equitable treatment of all land uses. Forest plantations are an as-of-right activity and must be treated on an equitable footing with other dryland agricultural land uses;
- appropriate baselines when assessing impacts. The baseline must not be retrospective and recognise the historical mix of land uses in a region when calculating impacts on the total water budget;
- meaningful interpretations of land use change (i.e. subsequent plantation rotations do not constitute a change in land use for long term crops such as forestry); and
- consideration of the impacts of land use change (e.g. any expansion of plantations) in conjunction with other benefits to the community and the environment

2. Local and State Government approval and regulatory processes

Recommendation 2: Government to:

- Ensure an effective relationship and operation of activities between State Government and local government is essential;
- Reform processes to address instances of unevenly applied regulation across local council areas that impact on industry operations that span these artificial boundaries; and
- Ensure equitable policy development and implementation across agricultural industries on road and infrastructure charges and requirements.

3. Regional Infrastructure

A key aspect of any successful project's development (including forestry related projects) is ensuring that the associated infrastructure, such as roads, rail and port facilities, is developed, improved and maintained in step with the growing needs of industry.

There has been a considerable underfunding of rural and regional infrastructure. The state of rural roads, upgrades and maintenance is very poor. The current funding model, where excises, fees and taxes are collected federally however State and Local Governments are expected to manage and fund the work is not working and is not keeping up with the needs of an efficient and growing rural sector.

Two specific examples from a forestry related viewpoint are:

- The requirement for future links with emerging energy markets and infrastructure from biomass resources, such as wood and agricultural wastes; and
- Facilitation of the commercialisation of isolated forestry assets, such as the significant timber plantation resource located on Kangaroo Island (in SA) which is currently being held back from commercialisation by the lack of necessary infrastructure, including a deep water port facility

The established and growing plantation regions of the Green Triangle in South Australia and Victoria, Gippsland Victoria, Great Southern region of Western Australia, Northern Tasmania and the Murray Valley (Tumut/Tumbarumba) are key areas where the industry is facing infrastructure constraints. These constraints, if not addressed, will detract from the realisation of the full range of positive economic and environmental benefits the industry can provide.

Recommendation 3: Government to:

- Reform the road funding model to give the State and Local Government the funds required to adequately maintain and improve rural and regional infrastructure. Ensure all road excise, road taxes and road fees are directed into improving and maintaining this infrastructure;
- Undertake a strategic study, in consultation with industry, to identify the transport (i.e. road, rail and ports) and energy infrastructure requirements to underpin the development of the forest, wood and paper products industry; and
- Coordinate investment in and implementation of forestry related infrastructure projects (including rail, intermodal, road and port) through a dedicated program in Infrastructure Australia.

4. Carbon

The forest, wood and paper industries are based on a renewable biological resource, which can help sustain our society. Australia's forest industry can help satisfy demand with renewable products, while providing significant economic development and regional jobs.

The forest, wood and paper products industries can contribute to long term carbon emissions abatement through multiple pathways, including:

- the atmospheric carbon captured and stored in growing forests;

- the carbon stored in durable wood products and substitution of more emissions intensive building materials such as steel, aluminium and concrete;
- the use of wood waste and biomass for renewable energy (displacing fossil fuel sources such as oil and gas); and
- other clean technology applications such as cogeneration to reduce energy use and emissions from processing activities.

This industry should be at the forefront of a renewable and sustainable economy. However, the policy environment for enabling carbon based opportunities to be realised fully is either yet to be developed or is impeded by the existing regulatory environment.

Recommendation 4: The Government to address the policy shortcomings and/or regulatory constraints impeding the development of carbon based opportunities for the forestry sector.

5. Investment and Trade

A stable and transparent investment and trade environment is needed, particularly given the relatively long time frame for forest and wood products investments. This environment includes the effective operation of macroeconomic and industry regulatory arrangements and predictability in policy settings that reduces sovereign risk.

Importantly, a whole-of-government approach is needed that provides consistency in policy across Government portfolios and departments. Two important outcomes from a stable regulatory framework include enhanced opportunities for domestic value adding and significant carbon emissions abatement.

There should be a strong public policy supporter in the forest and wood products industry. It utilises a renewable resource and has the capacity to assist the transition of the Australian economy to a sustainable future. This transition is linked to innovation and technology, including the expansion of traditional and leading edge markets for forest products as well as emerging new markets for carbon and related environmental services.

The full realisation of value adding and climate change opportunities will be determined by the industry's ability to embrace these new and developing technologies and services, such as world class processing technologies and the use of woody biomass as a renewable energy source.

It should be recognised that the forestry sector has attracted high level of international investment over the past 20 years and is now part of a truly global industry. This includes investment in plantations, wood processors and pulp and paper manufacturers by major companies from the United States, Japan, Finland, Canada, New Zealand, South Korea and Malaysia. There is also growing interest in forest industry assets by Chinese companies.

Recommendation 5: The Government to assist forest industries to take advantage of emerging investment and trade opportunities through policies that:

- Ensure the ongoing security of supply of wood inputs, both plantation and managed native forest;
- Ensure equitable outcomes for domestic industries in negotiations of international trade agreements;
- Implement an effective framework to inhibit the importation of illegally harvested wood and paper products into Australia. A framework that promotes a level playing field, is cost-neutral for domestic producers, and effectively prevents the importation of illegally sourced products that undermines domestic industry competitiveness;
- Continue reform of anti-dumping and countervailing policies to achieve fairness for domestic producers, including an improved system of information disclosure and corrective measures to promote parity for all competitors;
- Encouraging commercial plantation expansion by providing incentives such as recognition of the environmental and public good outcomes delivered by the forest sector; and
- Facilitation of further domestic processing and internationally competitive scale projects (including investment sources) will be critical in ensuring future value adding in Australia, reducing the trade deficit in forest products and boosting regional economies and employment.

6. Skills

Modern forestry and associated wood and paper product processing industries are highly skilled and technological. The development of the forest industry in certain regions, generational change, and coupled with competition with other adjacent industries, has resulted in shortages of suitably skilled workers.

Paralleling initiatives in industry innovation is the need for career and skills initiatives that attract new skilled workers to the industry, retain existing workers in the industry, and ensure existing workers are increasing their skills commensurately with the evolving technology. Further promotion of the career and life style opportunities of working in agricultural industries (including forest, wood and paper product industries), particularly in regional areas.

Recommendation 6: The Government to:

- Develop and implement career and skills initiatives that focus on the increasing need for highly skilled workers in all aspects of the industry; and
- Promote the career and life style opportunities of working in forest based industries, particularly in regional areas where there are labour shortages for skilled workers.

7. Holistic Land Management and Fires

Australia's hot and dry climate is highly susceptible to bushfires. Many forest ecosystems are dependent on fire disturbance for growth and regeneration. Fires create a disturbance mosaic across a forest landscape and the effects of fire can be beneficial or detrimental to forest ecosystems, dependent on factors such as scale, frequency and intensity.

In recent years, forest fires have increased in intensity and scale in southern Australia. High intensity 'mega-fires' (e.g. 2002-3 NSW/ACT fires; 2009 and 2012 Victorian fires) have caused significant damage to lives and property, biodiversity, watersheds, and natural resource dependent industries such as agriculture and forestry.

In the wake of these extreme fire events, there have been several major government inquiries. Many key stakeholders (including AFPA) have previously submitted detailed constructive comments to these inquiries. These inquiries have generated a large number of recommendations to mitigate or reduce the risk of future high intensity 'mega-fires'. Key recommendations with relevance to forest management include: the implementation of prescribed burning and fuel reduction targets, including the timing and targeting of this prescribed burning; and a program of adequate fire access and suppression infrastructure in high risk areas. Many of the recommendations from these inquiries and reports remain to be adequately resourced or implemented.

The Government should undertake a review of the recommendations of recent bushfire inquiries, with the objective to identify priority actions that need to be resourced and implemented.

Many fire experts and stakeholders attribute the disturbing trend of increasingly large scale and intense forest fires to the lack of a comprehensive landscape approach to fire risk management. They argue there has been a gradual shift in fire management policy toward fire suppression and response at the expense of longer term fire prevention and fuel reduction. High fire risk can be attributed to a passive land management approach that has altered natural fire regimes and allowed an excessive build up in forest fuel loads.

While on-site risks for plantations and managed native forests are primarily managed through regulation and prudent commercial practice, the broader risks from passively managed public land remains an issue. Effective bushfire management appears to be a problem of social and political commitment to effective preventative land management rather than a case of scientific and operational complexity.

A well-coordinated, holistic, tenure-blind land management strategy could help reduce fire risk, complement climate change policy and provide multiple economic, environmental and public safety benefits.

Recommendation 7(a): In partnership with state and territory governments, the Government to develop and implement a national strategy to assist with the reform of public land management for effective fire management, taking a holistic view across the landscape, incorporating collaborative action across land tenures and managers, and focused on the span of activities from management to prevention to suppression.

Such a strategy could build on the still relevant COAG (2004) recommendations, these included:

- develop national principles to promote shared goals;
- use a risk management framework across all activities;
- adopt an adaptive management approach that takes on new information;
- undertake more research into the characterisation of fuel loads and landscape scale studies into fire behaviour and responses to management; and
- develop 'burning guides' and a zoning approach to the classification of fuel management areas.

The range of potential fire mitigation measures include land-use zoning and planning, use of fire breaks and access trails, grazing, ecological burning, fuel reduction burning, vegetation clearing and thinning.

Prescribed burning is generally recognised as the most cost-effective means of achieving fuel reduction at a landscape scale. However given climate policy considerations there may be a range of new and innovative options for managing fuels with multiple benefits, such as the mechanical removal of biomass for renewable energy to reduce potential fuel loads and assist in the further development of low-cost renewable energy options.

Initiatives in the United States have focused on the multiple benefits that can be obtained from more integrated land management to reduce fuel loads and severe fire risks. Since 2003, the Healthy Forests Initiative has been a high level national policy framework directed to tackling the disturbing trend of more severe forest fires and restoring degraded forests. This has involved thinning projects for woody biomass and other products in many forest areas managed by the US Forest Service and other State Government agencies in order to deliver multiple goals.

These goals have included severe fire risk reduction, renewable energy, forest health, carbon mitigation and timber industry development. For example, the Collaborative Forest Landscape Restoration Program has allocated \$US 400 million over 10 years to undertake forest restoration and biomass harvesting for renewable energy, with an aim to decrease fire suppression costs by 50 per cent.

The costs of fires in California were recently estimated at \$1.2 billion per annum which has prompted more direct action with respect to renewable energy policy and land management. The 2012 Californian Bioenergy Action Plan identified that forestry harvesting and processing residues were an underutilised source of renewable energy that can provide multiple social and environmental benefits, by reducing the risks of severe fires and related human health and ecosystem damage.

Recommendation 7(b): The Government to develop and implement policies focused on the multiple benefits that can be obtained from more integrated land management for fire prevention. The innovative approaches and priorities for preventative land management for fire in the United States may provide a useful model for Australia, given a similar range of issues and fire prone landscapes.

8. Research and Development

Research and development (R&D) is fundamental to sustaining any industry's growth and ability to maintain international competitiveness. It is even more important for the forest, wood and paper products industry, as it requires large capital investment and long term market planning.

Australia's forest industry has been built on our investment in research and development over previous generations. However, sadly, in recent years investment in forest industry R&D has drastically declined, and the industry faces an uncertain future. In just five years, forest industry R&D investment has fallen from around \$100 million in 2007-08 to an estimated \$30 million in 2012-13, with research staffing down a similar amount from around 730 and to only 250 researchers. At the same time our competitor countries have been ploughing resources into forest industry R&D, generating breakthroughs in innovative processes and creating whole new product markets.

AFPA believes this situation demands urgent and decisive action. In response, we have recently released a new policy proposal for a 'National Institute for Forest Products Innovation'. The 'National Institute' would bring together existing research capacity into a single organisation with a central hub and a number of specialist research centres. This would rationalise the existing R&D effort, bringing it under one virtual 'roof' to operate in a far more coordinated and organised fashion.

Further detail on the 'National Institute for Forest Products Innovation' including the discussion paper and budget bid can be downloaded from our website at: www.ausfpa.com.au.

Recommendation 8: Government to support AFPA's recently proposed policy proposal 'A National Institute for Forest Products Innovation'.

9. Climate Change Impacts and Drought

Although there are many similarities between agricultural pursuits and the forestry sector, forestry does have some unique characteristics, due in part to the long timeframes between establishment and harvest. The greatest impacts of climate change on forests will be associated with the hotter drier environment, with increased risk of bushfires and cyclonic activity, greater stress on trees increasing seedling mortality, susceptibility to pest and disease incursions and decreasing productivity, and greater variability and intensity of rainfall influencing hydrological cycles and potential soil erosion.

Natural forest and plantations are vulnerable to harm from both extreme weather events (e.g. bushfires, cyclones) and long-term effects of a changing climate such as more frequent drought, especially as a dry-land agricultural land-use activity. Forecast changes in rainfall, temperature and weather patterns can produce a range of productivity and other impacts depending on industry sector and geographic region. A changing climate imposes significant challenges and some opportunities for the forest and forest based industries in dealing with these changes.

Rainfall variability and drought has long been a part of the Australian climate. However, it is the scope for extended drought and more extreme temperatures of longer duration that presents some significant challenges for the forestry and agricultural sectors.

In collaboration with relevant researchers, industry practitioners and companies involved in climate change issues and adaptation responses, AFPA managed a three year project to enhance the industry's ability to reduce the harmful effects of, and exploit the opportunities from, a changing climate. This work was supported by funding from the Australian Government Department of Agriculture under its Australia's Farming Future initiative.

The '*Plantation Forest Industry Climate Change Adaptation Handbook*' (the Handbook) available at our website: www.ausfpa.com.au, was prepared as part of the project to promote awareness of future climate change scenarios and relevant adaptation management options and strategies, which can be used to improve adaptive capacity in dealing with climate change.

In particular, the Handbook highlights the importance of a risk management approach for enterprises, planners and policy makers. At an enterprise level, planning for risk and uncertainty as a consequence of a changing climate should be adopted as part of an overall approach to sustainable forest management. The likelihood and significance of impacts can then be explicitly incorporated into adaptation strategies. The downside risks of climate change as well as the upside opportunities from a changing climate should be part of an on-going adaptive or environmental management system. A proactive rather than reactive approach to adaptation is required which monitors continuously what does and does not work, and allows for the costs and benefits of different management options to be taken into account.

<p>Recommendation 9: Government to consider the principles and adaptive framework contained in the Handbook and support projects that will consider and address adaptation options for the forest industry and broader processing issues.</p>
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10. Energy and Bioenergy.

Residues from Australia's forest, wood and paper products industry hold great potential as alternatives to fossil fuels for energy generation. Forest biomass can also be utilised for renewable heat and liquid fuels, which tend to be more efficient than electricity generation. Despite having the highest area of forest per capita of the developed nations, Australia lags behind in the use of bioenergy, which represents just 0.8 per cent of energy production.

The lack of incentives for the use of forest biomass in energy generation creates a serious imbalance in the renewable energy market, and misses some of the lowest cost opportunities for carbon emissions abatement.

Recommendation 10 (a): Government to develop incentives for renewable bio-energy, including renewable biomass for electricity, renewable heat capture and biofuels.

Processors and manufacturers of wood, paper and engineered wood products are significant energy users. These industries, like much of the manufacturing sector, have experienced low price rises for their products for many years and increasing quality and performance demands.

While the industry has been able to contain costs through increased efficiency and scale, competitive sourcing of raw material inputs and generating much of its own energy, it is unable to control the costs of inputs, including energy and energy distribution which essentially come from non-import-competing monopoly sources. Significant energy price rises in recent years threaten the continued viability of Australia's forest products and pulp and paper industries. Internationally competitive energy costs are essential if manufacturing in Australia is to survive.

Recommendation 10 (b): Government to:

- Deliver competitive and efficient (low cost) energy networks for wood and paper manufacturing users, including affordable gas and associated gas infrastructure; and
- Introduce measures to ensure that the development of appropriate policy mechanisms to stabilise energy use and improve energy productivity are aimed at the right users to achieve the desired outcome and mitigate additional cost and regulatory burdens.

11. Regulatory framework for agricultural and veterinary chemicals use.

The regulatory framework for agricultural and veterinary chemicals use is another area of environmental regulation where significant improvements in efficiency and effectiveness can be made. While on a lower relative scale compared to other agricultural industries, the plantation forest industry does rely on the use of some chemicals to maintain and improve its productivity and competitiveness, within appropriate environmental safeguards.

In recent years, the agricultural chemical regulatory framework has actually increased the amount of regulation and administrative cost via the *Agvet Chemicals Legislation Amendment Act 2013* (i.e. the 2013 Act). A number of significant concerns were raised by AFPA and other stakeholders regarding these changes. Overall, this was considered poor regulation, as it introduced additional tests, hurdles and regulation that did not provide any clear benefit to agvet chemical registrants, users or the environment.

AFPA however supports many of the proposed amendments included in the recently introduced *Exposure Draft Agricultural and Chemicals Legislation Amendment (Removing Re-Approval and Re-registration) Bill 2014*.

Recommendation 11: Further reform of agvet chemical regulation including:

- **Proposals on risk assessment process:** There remains continued uncertainty in the detail and application by the regulator of the proposed risk assessment framework underlying the approval process. This framework needs to be both scientifically based and aligned with the principles of assessment for 'risk' rather than 'hazard'. Further reform in this area is needed.
- **Minor use:** Due to the forest industry's relatively small chemical use, the continued availability of minor use permits coupled with an effective and streamlined minor use permit approval process, is essential to ensure chemicals are available to use for forestry applications. Further reform and red-tape reduction is needed to ensure that minor uses are equitably considered in the regulatory framework;
- **Continue improvement of cost recovery, assessment, approval and registration processes by the Regulator:** Another important issue not fully addressed is the current process of application and registration of chemicals through the APVMA regulatory process, and the associated cost and time incurred by applicants to undertake these processes. Further reform to provide flexibility and reduce red-tape and cost is needed.

12. Integration of forestry with other land uses at a landscape level (e.g. Agroforestry)

By their very nature, forests are complex biological systems and provide a range of services beyond commercial wood benefits, including ecosystem services and functions such as carbon sequestration, provision of recreation opportunities, rehabilitation of degraded landscapes, soil and water conservation and enhanced biodiversity.

Importantly, farm-forestry activities can also enhance agricultural productivity through beneficial impacts on pasture, crop and animal production, primarily through provision of shade and shelter, nutrient cycling and soil conservation (Bird *et al*, 1992).

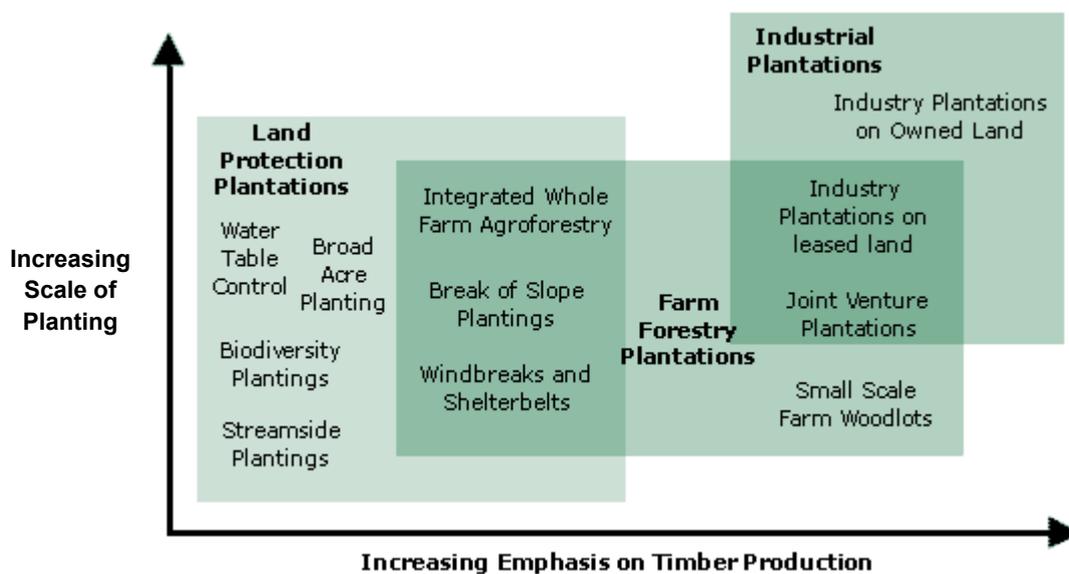
In addition to 'boundary issues', agriculture and forestry are not necessarily mutually exclusive and there exists a continuum of tree planting and forestry activities across the landscape at a range of scales and tree densities (refer figure 1).

These activities are undertaken for a range of production and environmental purposes, such as salinity and riparian plantings through to farm woodlots and plantations used primarily for wood production. Where forestry and agricultural outputs are jointly produced from the same unit of land, agroforestry can take many forms such as tree belts, alleys and widespread tree plantings. Livestock grazing, for example, is commonly practised within plantations following seedling establishment and initial tree maturity.

It is for these reasons that well targeted forestry activities can be complementary to a broad range of farm level and landscape management objectives. This is particularly relevant given previous tree clearing and land use practices that have resulted in land degradation at a range of national and regional scales, including dry land salinity, invasive weeds, soil erosion and water quality reduction.

AFPA therefore supports the complementary role that forestry and planted forests can play with respect to other agricultural and environmental activities at a whole farm or landscape level. From a climate change perspective, planting trees and forestry activities can provide direct mitigation opportunities for farmers and landowners (e.g. carbon offsets) as well as enhanced adaptation through the use of more diverse and resilient farming systems (e.g. reduced heat stress from greater use of trees).

Figure 1: Continuum of forestry and farm-forestry activities.



With respect to the continued discussion over land use competition between the forestry and agriculture sectors and issues such as food security, AFPA also notes the importance of security of supply of essential fibre and building materials such as wood for housing and shelter. In many respects, the debate over competition for land is taken out of context and fails to take into account some of the technical and economic factors influencing the scale and significance of any future plantation expansion.

These factors include:

- investment in permanent carbon sink plantings have to date been confined to the semi-arid regions, marginal and/or less productive sites;
- the low proportion of land presently under plantations relative to the available agricultural land base, and difficulties in competing with high value agriculture due to the high up-front costs of land for long term investments such as forestry; and
- greater potential for integrated land management between forestry and agriculture for multiple-benefits.

Recommendation 12: Government to recognise

- Plantations as a legitimate land use that provides significant economic, social and environmental benefits in rural and regional Australia; and
- The significant role commercial forestry activities can play with respect to integrated land management for agricultural, environmental and wood production purposes.

13. Biosecurity

Our industries have a substantial interest in quarantine and biosecurity issues across the biosecurity continuum, from pre-border, border and post border, and both exotic and endemic pests and diseases.

There is also a significant amount of intra and interstate trade in logs, woodchips, wood and paper products forming complicated and interrelated pathways for the potential transfer of pests, diseases and biosecurity risks. As a result, biosecurity issues are of importance to the forest, wood and paper products industries. We have a keen interest in ensuring an efficient and effective legislative framework and regulation of biosecurity.

Recommendation 13: The Government to recognise that the integration of biosecurity activities by the Commonwealth, state and territory governments, industry participants and other stakeholders along the biosecurity continuum is extremely important. Any reform to arrangements must tread the fine line between collaboration and responsiveness to be efficient and effective, especially in an emergency response situation.

14. Certification

Forest managers, wood and paper product suppliers are increasingly adopting voluntary certification schemes to demonstrate the environmental credentials of their management activities. This trend looks to be expanding to agricultural industries, with the certification of agricultural products (e.g. beef) being considered in terms of demonstrating environmental performance in the market.

It is important that certification schemes are transparent, robust and recognise the high level of existing regulation, ensuring they achieve high environmental standards yet do not act as additional barriers to restrict market trade or introduce unnecessary costs.

Conclusion

The forest, wood and paper products industry supports the Government's efforts to review agricultural competitiveness.

We urge that the Government consider and address the impacts and opportunities that 'boundary issues' have on the forest, wood and paper product industry. Further that Government looks to develop and implement an equivalent 'National Forestry and Fibre Plan' to engage the significant potential of the forestry sector.

AFPA is committed to working with the Government and other stakeholders on these important issues.

[END]