

AFPA Chair Greg McCormack –

Welcome to the Dinner

CHECK AGAINST DELIVERY

Ladies and gentleman, can I welcome you all to this AFPA dinner tonight and in particular our special guests for the evening.

I'd like to formally acknowledge the Assistant Minister for Agriculture and Water Resources (with portfolio responsibilities for forestry)

Senator the Hon Anne Ruston. Minister Ruston, we very much look forward to your keynote address later this evening.

I'd also like to acknowledge the **newly elected Chair of Forest and Wood Products Australia, Mr John Simon, and the new Chair of Timber Communities Australia, Mr Brenton Yong.**

Can I also make special mention of **Mr Rod McInnes**, CEO of Timber Queensland, who has announced his upcoming retirement. Rod has been a tireless and long serving member of the Queensland timber industry and I will be speaking a little more about this later on.

We greatly appreciate you all being here tonight.

I also have great pleasure in welcoming a new member of AFPA. The Board earlier today accepted the application of Altus Renewables as a member.

Altus is based in Brisbane and specialises in the production and marketing of biomass pellets for the generation of renewable energy. Altus has successfully shipped high quality pellets to power plants in Europe, Japan and Korea from its wood pellet facility in Queensland. Altus is also

progressing the possible development of a much larger facility in the Green Triangle area of south eastern Australia.

Can I ask **Mr Dennis Waddell** and **Mr Ian Sanderman** to come up to the podium and receive this welcome pack from AFPA.

[Present pack and round of applause]

In addition, AFPA has a new staff member starting next week, in light of **Mr Mick Stephen's** appointment in late March as CEO of Timber Queensland. **Mr Tim Reardon** will be taking up the position of AFPA National Climate Policy and Pulp and Paper Chamber Manager. Can I ask Tim to stand up please and make yourself known.

Thank you all again and I will be talking further when I formally invite Minister Ruston to address us tonight.

AFPA Chair Greg McCormack speech – prior to Minister Ruston presentation

Now comes the time to talk about an exciting new AFPA initiative.

Today is an important day for our Association and more importantly for the more than 250,000 people who work across our value chain - mostly in regional and rural Australia (and since we are in an election year I must add a significant number in marginal federal electorates).

Today we launch “Build the Vote”.

For the first time ever those who work in the forest industries of our nation will just be a mouse click away from being able to check exactly how their local federal MP or state/territory Senator has voted on issues which directly affect them and their families during this Parliament.

It is so easy to use and read we expect that many forest industry workers will open it on their smart phones just before walking into a polling station later this year to check the scorecard of the names which are relevant to them.

Senator Ruston's scorecard was on the screen a few moments ago and as you saw it was a sea of green ticks. Thank you Senator Ruston.

We have produced this "Build the Vote" website for two reasons.

The first is that while we all appreciate kind words and pats on the back from Members of Parliament, talk in politics is actually cheap. After all the debates and speeches there is really only one moment which matters to us. That moment comes when an MP or Senator has to put their hand up in a vote.

At that moment they show their true colours. That's what Build the Vote reveals.

The second reason we produced 'Build the Vote' is because unlike some other industries, we can prosper or decline, jobs can grow or be scattered in an instant, based on how many hands go up in federal parliament.

That moment of decision for our federal representatives can quite frankly be economic life or death for us.

All industries have to ride the great ocean swells of the Australian economic environment. By this I mean economy wide policy settings such as taxation arrangements, industrial relations and trade agreements. Some of these areas may be irksome at times to some sectors but they are part of the broad compact we share when it comes to

doing business and creating jobs in Australia. They are big picture rules to follow and it all helps make this the best country on earth.

Forest industries however have often found themselves in a bay all of their own. And the waves are choppy and the boat is small.

Governments have chosen for various misguided reasons to deal separately with our industry – and usually this has not been a good thing at all.

An example we are all familiar with is the way the previous Labor / Greens minority government excised the use of wood waste from our natural forest operations from the renewable energy scheme. This was an act completely out of step with the globally accepted environmental view that forest bio-mass (from sustainably managed operations) is a valid and welcome renewable

energy source. It was a classic case of the small boat taking a serious wave on board.

The current Coalition Government, with the help only of our Senate friends on the crossbench, corrected this anomaly. That is one clear vote which is recorded on “Build the Vote”.

But there is still special treatment for our industry which goes uncorrected Senator Ruston – and I don’t mean special in a good way.

Take the renewable energy target for example.

Despite handing out renewable energy certificates to units which use solar power to create heat, our widespread use of sawmill and harvest residues to also create heat is out of bounds. This by the way is also completely contrary to the way bio-energy is treated in renewable energy schemes by

governments in the Europe, Japan and South Korea just to name three.

And it is worth turning to the carbon farming initiative as well.

AFPA supported the Government's Direct Action approach quite openly before the election. Indeed Environment Minister Greg Hunt regularly used AFPA data in which we estimated the contribution rotational forestry could make to the scheme was massive – this at a time I add when there were no other friends of the scheme in evidence.

But what has happened since?

There have been two auctions under the Emissions Reduction Fund.

Environmental plantings have won big each time – with thousands of hectares being supported by carbon payments.

Rotational forestry has not even got a race car on the start line. The methodology which we need to participate is still being built.

And here's the real problem for the Government. Even when a methodology does arrive – and we are pinning our hopes on one being there for the fourth auction – we are going to join the race with the handbrake welded on.

This is the water rule.

What is the water rule - you may ask?

It is the rule inserted into the carbon farming initiative by the Greens in the previous Government which says that in areas of any real

rainfall, rotational forestry has to clear far higher hurdles. And yet that same rule does not apply to trees planted for 'environmental purposes.'

That's another specific wave slowing our boat.

These are the sorts of reasons we decided we need "Build the Vote" more than perhaps other sectors.

We have decided it is time to face our policy challenges head on and ensure that those who wish to can make how their politician has or has not supported them part of their decision making process on election day.

The Party platforms covering our industries will also be there as soon as they are released, and they will be invaluable as well.

We look forward to the Liberal Party platform
Senator Ruston.

We have in your Government clearly those who take a more rational approach to our industries than some who have come before.

We thank you for that. There are good things happening. The Forest Industries Advisory Council – established by Senator Colbeck and continued by yourself – is a great example. As is the re-inclusion of biomass I mentioned earlier. We also are delighted that you are continuing the mechanical removal of biomass trials to fight bushfire risk ... although I am sure you don't need telling that a small scale trial and \$1.5 million will come and go very quickly if the Government doesn't think it worth doing more.

But I wouldn't be being honest if I didn't say that we are also looking for much, much more.

Those of us who export to China are very familiar with issues around bugs. Fortunately, with the help of our Department of Agriculture staff – we have a pretty good handle on managing all that. It does remind me of an old proverb however which applies to us.

“He who can see a bug in China can’t see the elephant at the end of his nose.”

The elephant at the end of our nose in this country is the forest products industry.

Here’s some things the average person doesn’t know.

We are the 7th most forested nation on earth but we have a 2 billion trade deficit in forest products.

Portland is the largest woodchip export port in the world.

Our industries have added thousands of new jobs in the last couple of years, and could do more. There are jobs going begging in Mt Gambier as you know whilst there is employment carnage across the rest of the state.

We could be running three shifts instead of two in some of our sawmills but the last sizeable area of new pine was planted in the 1990s.

We are an international investment success story, some \$5 billion in capital has flowed into our operations without so much as a negative blip.

David Brand from New Forests says there is another \$100 billion which is looking for assets like ours.

In a carbon constrained global economy – we are the new black - everything we get from petroleum we can do better for the planet from fibre.

We are a \$20 billion dollar part of the economy.

We are big. We employ many Australians. We are going from strength to strength.

And to be frank we are almost invisible like the elephant at the end of the nose.

The Government chose to remove us from the Agriculture White paper process. We do not feature in the \$4 billion worth of announcements Minister Joyce made at that time.

Our consolation prize was the Forest Industries Advisory Council – and we very much look forward to the final report of that body. It is welcome but what we are really waiting for is the Government's response.

We have been asking for a National Forestry and Fibre Plan for this nation for two years – a plan

which sets out the Government's vision, goals for growth and targeted resourcing to match. Just like other agricultural sectors. The pillars for such a plan would be absolute certainty for our native forest operations, a solution to the plantations crisis, a serious restart of R&D and a deliberate embrace of our nation's role in the emerging global bio-economy.

Just one more example - the Productivity Commission launched a review of regulations in agriculture in December. We asked members for their input, got things cracking, and were then told by the Commission that forestry was not included "unless it could prove it was a boundary issue."

Senator Ruston this is our world. We so often feel we are hiding in plain sight.

The ABARES event which concluded today was brilliant in so many ways but proves my point.

[point to ABARES slide in the backdrop]

Our face is there in a big way... parquetry behind the Department name, round logs in the middle – even a plantation hiding behind that drone.

But we were missing from the data. Nothing about our stellar performances over the last year. Even the list of top fifty agri-businesses gets it wrong.

New Forests is now one of the largest agri-business companies in the world with some \$3 billion in forest assets. But in ABARES list of the top fifty none of us rate even a mention – not even New Forests!

Minister Ruston, we know you are a great supporter and friend and will hear these observations without taking offence.

We also take great heart in the comments you made in your press release prior to this event, when you said:

There has never been a more exciting time to be involved in the forestry and wood products industry, and the Turnbull Coalition Government will continue to remain in step with industry on policy development.

This is an industry that has demonstrated its willingness to innovate to meet the challenges of the future – and as purveyors of a truly renewable and recyclable product the industry can look forward to an increasingly important role in providing the materials of the future.

We appreciate this positive view of the industry. Anything you can do to shine a light on this forest industry elephant would be warmly welcomed by everyone in this room.

Thank you.

And I now welcome Minister Ann Ruston to formally address the dinner.