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**KEY NOTE ADDRESS AUSTRALIAN FOREST PRODUCTS ASSOCIATION  
MEMBERS' DINNER**

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*\*\*\*\*\*CHECK AGAINST DELIVERY\*\*\*\*\**

In any political or policy forum, securing universal agreement is an unlikely achievement.

That's particularly true when production aspirations clash with conservation ambitions.

I know a bit about that; I've spent the last twenty two years representing an electorate in which coal mining, coal-fired power generation, agriculture, viticulture and thoroughbred breeding are major employers.

I also had two stints in the mining and energy sectors, a period as shadow minister for forestry, and for the past four years have been in the thick of land-use conflict in the agriculture, fisheries and forestry portfolios.

You might say I have a PhD in land use conflict.

When I first came to my current portfolio just over four years ago, I decided the best way to manage the rising friction between production and conservation was to establish bipartisanship between the major parties on these issues.

It was not an aspiration I kept to myself. Rather, I spent the first few months publicly advocating for it.

While I've been left feeling disappointed by the response of my political counterparts, it's an aspiration I still hold and remain determined to pursue.

Indeed I don't remember a time when the need to work together has been more important.

In fact the political upheaval we are witnessing around the world demands it.

That revolution is very much a rejection of both the current economic orthodoxy; and our political settlement.

The same economic orthodoxy which has given us twenty two years of unbroken economic growth, and the same parliamentary model that has given us relative political stability for the last 116 years.

The dumb response is to ignore and dismiss that upheaval.

The smart response is to acknowledge it and accommodate it.

The alternative is what you see unfolding in the United States or indeed in the U.K. where - to quote one market analyst: "the only certainty is that there is much to be uncertain about".

Of course, of all the challenges you face as a sector, investment uncertainty is king.

And, if investment certainty is all important, our main objective has to be political consensus.

Just take a look at what's been happening in the energy sector: a diabolical situation with consequences for all of us. Where 10 years of climate wars and investment uncertainty has given us all the wrong outcomes: high prices; unreliability; and supply shortfalls.

That's the outcome you can expect, when political opportunism trumps good policy.

But while the climate wars are the obvious example. Let me draw on one which is less so.

Let's examine your own sector. I had cause in preparation for tonight's event, to go back over the 1992 National Forest Policy Statement and all of its guidance. I then compared it with the Forest Industry Advisory Council's recommendations and guess what, the issues remain the same.

I didn't even bother going back to the pamphlet my friend Richard Colbeck unveiled up on the Hill in 2015! And I'm certainly not going to get bogged down lamenting the Government's recent announcement of yet another plan – one, which according to Anne Ruston, will "hopefully" be delivered in 12 months' time. In other words, in their sixth year of government, maybe?

It's important to say however; if they produce a good and meaningful plan, we'll back it. We shall see.

But beware those who promise much but never deliver. Be even more wary of those who want to use a sector as a tool for polarising the electorate as some chose to do in the energy policy space. It's a zero sum game.

Let me give you an example in my own portfolio. In 2011 ABC Four Corners ran a rather confronting story about animal cruelty in the live trade sector. On their televisions that night, Australians saw graphic pictures of cattle being cruelly mishandled in Indonesian abattoirs.

After an extended period of public outcry, the Gillard Government suspended trade. It had little choice; the industry had not provided the tools necessary to provide a third choice. It was suspend the trade or do nothing and, given the volume and weight of community outcry, doing nothing was not an option.

The rest is history.

But for our political opponents, history has not been enough. They chose to re-visit the issue at every opportunity. Members of the National Party in particular like to weave the incident into every speech or interview; whether it is a conversation about health, education or taxation, the live trade suspension gets a mention.

Why is this so? Because they see political opportunity in it.

But does it help the live export sector? Of course it doesn't. It simply maintains the rage on both sides of the debate.

But more particularly, it emboldens those on the production side and breeds (excuse the pun) complacency. In turn complacency leads to further bad outcomes and ultimately it escalates conflict and further undermines attempts to secure the social licence the live export trade needs to be sustainable.

The live trade suspension was shockingly disruptive and many suffered economic loss. But what came out of the live export suspension is the reforms that have delivered industry sustainability.

Having embraced change, the sector's only key threats now are a departure from those new standards by the industry itself, and the recklessness of Coalition MPs and Senators who want the sector to be the subject of ongoing controversy.

To enjoy sustainable growth and profitability the forestry sector also needs a level of community support and acceptance. And whether we like it or not, community expectations on the conservation front is rising, not falling. And I suspect they will continue to rise.

Politicians who chose to deny that fact for political gain do the production sectors no favours: not the farm sector; not the mining sector; not the gas sector; not the electricity generation sector; not the fishing sector; and not the forestry sector.

What we need in our body politic is less spin and more leadership. What the forest and forest products sector needs from our politicians is less spin, less talk, fewer reports and more leadership.

The objective for all of us, politicians and industry leaders alike, is not to put short-term opportunism ahead of the greater good.

It is possible. Bob Hawke, Paul Keating, John Howard and Peter Costello all did it.

It was their strong leadership which delivered the big structural changes of the 1980s and 90s – though more Hawke/Keating than Howard/Costello I hasten to add.

Reform which laid the basis and drove a twenty two year run of the uninterrupted economic growth we've enjoyed to the present; the opening up of our economy, tariff reform, market reform, taxation reform, workplace relations reform, and financial services reform.

The 1992 Forest Policy Statement is another example. There, strong leadership established the foundations for a settlement which has been enduring.

But we haven't sufficiently built upon those key building blocks.

It's time to further progress the fortunes of the forest and forest products sector.

Of course the opportunities are many.

Yours is a wonderful product. A natural, renewable, carbon storing product; one that is capable of being grown in a sustainable way.

I believe to be compulsory reading, EY's March 2016 report which seeks to align the sector's prospects with the CSIRO-identified Global Megatrends. It's a good piece of work and I congratulate your RDC for commissioning it.

I won't repeat those seven megatrends tonight, I'm sure you are all familiar with them. Suffice to say that like most sectors, those changing global forces present both opportunities and challenges for the forest and wood products industry.

Increasingly, people are warming to wood as a versatile, aesthetically pleasing and energy efficient product. We are well placed to satisfy the desires, aspirations and demands of a larger, hungrier, wealthier and more discerning world.

But we will not be without competition and any fibre boom won't come to us, we need to go to it.

To go to it we need a plan and strategic guidance from government.

A plan to restore investment certainty.

A plan which:-

- Addresses our timber supply constraints;
- Reduces our costs, including energy costs;

- Improves our research & development efforts;
- Provides every opportunity to climb up the value curve; and
- Places a priority on areas where we enjoy - or can enjoy - a competitive advantage.

You can't do these things without government and government can't do it without you.

If together we do these things well, government investment in physical infrastructure will flow because in a budget constrained environment money will – and should go - where it delivers the greatest economic return.

Let me reflect on the five issues I identified.

Increasing supply will take a mix of policies: certainty around RFAs; maximising rewards for carbon sequestration; making farm forestry work; and the embrace of innovation.

There are two issues with respect to energy costs. First, we need to constrain prices. There is only one way to do that and that is to restore investment certainty by settling the climate and energy wars. Labor stands ready, willing and able to do so.

We've demonstrated all the flexibility you would expect of us. We are ready but I can't speak for the Government.

The second issue on the energy front is the question of bioenergy.

The UN Convention on Climate Change identifies bioenergy as renewable if it's produced from biomass which comes from sustainable processes.

We are all familiar with the innovative and productivity lifting bioenergy projects which have been embraced in Europe. Do European countries have active and energetic environmental movements? The answer is yes.

So why is it possible there but hitherto, not possible here?

The answer in my view is that we haven't been smart about it here, and we've allowed the issue to get caught up in the climate wars.

For example, too great a focus on accommodation of bioenergy under the Renewable Energy Target has only made the issue more difficult because of the competition it poses for other - what some would argue – are more pure forms of renewable generation: wind; solar; etc.

So let's find another way, surely we have the wit. This is the perfect example of where consensus building must replace political opportunism.

Politicians exploit consensus building failures. So as I've already said, building consensus must be a priority to which we commit all of our resources and energy.

Securing agreement on an issue like bioenergy requires a whole-of-government effort. And it means gathering all the key stakeholders in one room.

I've mobilised this approach in other sectors in my area of portfolio responsibility and it can produce results. And it's an approach I will embrace in government if given the opportunity.

Research, development and innovation are critical if we are to fulfill our aspirations. Improving the embrace of innovation requires a whole-of-government approach.

Does our research and development architecture in the agriculture, fisheries and forestry sectors deliver optimal outcomes? We don't really know, because it hasn't been tested. Not at least, since the Productivity Commission looked at the model seven years ago.

And it's worth noting, the Productivity Commission's recommendations were not adopted by Government.

We are all very fond of claiming our R&D model is the best in the world.

You'd almost expect that, given it's a co-funded scheme.

And I too like to think it is world's best. After all, a Labor Government designed and implemented it.

But almost 30 years on and seven years after the last review, it's time to put that question to the test and, if given the opportunity, tested it will be.

There are a number of issues which demand examination including:-

- Siloing and a lack of cross-sectoral work;
- A growing emphasis on marketing at the expense of research;
- A propensity for industry to spend to the government-matching cap and not beyond; and
- Disquiet amongst levy-payers in some sectors.

Research and development is too critical to our success and R&D dollars too scarce to leave these issues unaddressed.

Ladies and gentleman, the forest and wood products sector is an important part of the Australian economy. Importantly for me, it is critical to the health and well-being of our regional economies.

This latter point is one of intense interest for me.

Too often I hear people lament the demise of our manufacturing sector. These perceptions are hardly surprising. They've witnessed the demise of the TCF and car-making sectors and observed the struggles of our steel industry.

But the red meat, dairy and wood products sectors are very much alive and employing tens of thousands of regional residents.

The dining and fibre booms provide the opportunity not just to retain those jobs, but to further build on them.

It's up to us – industry, government, scientists, unions, conservationist and customers.

Collaboration is everything in this endeavor and I've no doubt that together we can turn the investment tap on.

Let's do it.

***ENDS***

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