



Australian
Forest
Products
Association

Australian Forest Products Association

Submission to the Assistant Minister for Forestry and Fisheries

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Acronyms

ABARES	Australian Bureau of Agriculture and Resource Economics and Sciences
AFPA	Australian Forest Products Association
BCR	Benefit-cost ratio
CSIRO	Commonwealth Scientific and Industrial Research Organisation
DAWE	Department of Agriculture, Water and the Environment
EPPRD	Emergency Plant Pest and Response Deed
FHaB	Forest Health and Biosecurity sub-committee (an advisory sub-committee of the AFPA Growers Chamber)
FWPA	Forest & Wood Products Australia
GCF	Growers Collaboration Fund (established by Forest Growers members of AFPA the fund is topped-up annually and is directed primarily at collaborative forestry RD&E projects but also to collaborative operational and safety initiatives for the forestry industry)
GPS	Giant Pine Scale
GRAC	Growers Research Advisory Committee (a committee of FWPA comprised of grower levy payers which considers then recommends RD&E project proposals to FWPA for funding)
GVP	Gross Value of Production
IFA-AFG	Institute of Foresters Australia-Australian Forest Growers (a professional association representing about 1,000 forest scientists, managers and growers foresters and forest growers operating in all aspects of forest and natural resource management in Australia)
IRR	Internal rate of return
NFBC	National Forest Biosecurity Coordinator
NFBSC	National Forest Biosecurity Steering Committee (a small committee comprising forestry industry, the Commonwealth, State, PHA and community representatives who guide the National Forest Biosecurity Coordinator)
NIFPI	National Institute for Forest Products Innovation
PHA	Plant Health Australia
R&D	Research and Development
RD&E	Research, Development and Extension
RDC	Research and Development Corporation

Executive Summary

Australia's forest and wood products industry is a sustainable agricultural sector consisting of up to 100 medium and large forest growers and many small and one-crop growers, harvesting approximately 30 million cubic metres of logs annually.

There is an existing forest grower levy, however the current levels of collective investment in forestry research, development and extension (RD&E) and biosecurity are insufficient to sustain the industry into the future. Recent issues associated with bushfires and extreme weather events, a drying climate and the ever-increasing threat of damaging exotic pests and diseases have highlighted the need to drive innovation that will sustain the industry and enable it to grow and thrive.

The Australian Forest Products Association (AFPA) is the peak national body for Australia's forest, wood and paper products industry. AFPA undertook extensive consultations in accordance with the *Levy guidelines: How to establish or amend agricultural levies (2020)* with potential forest grower levy payers around introducing a new RD&E levy and increasing the biosecurity levy. Over 95% of forest growers levy payers by log volume support the proposal for:

- A new RD&E levy component to be set at \$0.035 per m³ in the first year of introduction, \$0.06 per m³ in year two and \$0.085 per m³ in the third and subsequent years;
- an increase to the Plant Health Australia biosecurity levy component of \$0.045 per m³; and
- the creation of a volume-based levy exemption threshold for growers producing less than 20,000 m³ annually.

Since 2015, the forest and wood products industry has been the only rural industry subject to a regulatory cap on voluntary matching funding, currently set at \$1.659 million per annum. AFPA members are seeking to have this cap removed so that additional research, development and extension projects can be funded within the limits of the 0.5 per cent of Gross Value of Production of the sector, in line with other primary industries.

Key Messages

AFPA completed extensive consultation across the forestry industry to increase the forest growers levy.

90% of votes cast and 95% of votes by log production volume were in favour of the new RD&E levy component, the increased biosecurity levy component, and the 20,000m³ exemption threshold.

Increased collaborative RD&E will improve the viability, productivity and resilience of the forest industry, and support regionally based wood products industries into the future.

Recent pest incursions and the National Forest Biosecurity Strategy have raised grower desire to establish a national forest pest surveillance program to protect against new and existing pests and diseases.

Establishing a 20,000m³ exemption threshold simplifies levy administration, improves equity amongst growers and still captures 96% of private grower production.

Removing the Commonwealth's regulated voluntary matching cap allows the forestry industry to realise its RD&E ambitions.

1.0 Background

This proposal is the culmination of industry efforts over several years to address the increasing risks to commercial native and plantation forests, and the products and jobs that the industry provides. The current levy represents an unsustainably low level of collective funding to support RD&E and biosecurity to meet current and future needs.

There have been a number of significant changes and impacts to the Australian forest growing industry and the environment in which it operates. There has been:

- significant reductions in native forest harvesting;
- a major shift from government to private ownership of forest plantations;
- increasing evidence of climate variability and increased risk of fire, pests and disease in our forests;
- a major reduction in direct State and Commonwealth Government investment in forestry RD&E, and a concomitant loss of RD&E capacity; and
- a significant increase in global trade and travel and resultant increased risks and rates of incursions of new pests and diseases.

In response to these RD&E and biosecurity challenges, forest growers, through AFPA agreed to support a new forestry RD&E levy component increasing over three years to \$0.085 per m³, an increase of \$0.045 per m³ to the Plant Health Australia (PHA) biosecurity levy component, and the introduction of a threshold exemption point for growers who produce less than 20,000 m³ in a financial year. Forest growers are also seeking the removal of the \$1.659 million per annum cap on Commonwealth voluntary matching funding.

2.0 Purpose

This proposal establishes the case for the creation of a new forestry RD&E component of the forest grower levy and an increase in the PHA biosecurity component of the forest grower levy. It also proposes the establishment of an exemption threshold by log volume and seeks the removal of the \$1.659 million per annum cap on voluntary matching funding for the forest and wood products industry, to allow access to the full legislated 0.5 per cent of Gross Value of Production (GVP).

The removal of the cap is integral to the funding model, which the industry has agreed should be balanced across levies (and State grower levy equivalents) and matched voluntary industry cash contributions.

This submission profiles the forestry industry, outlines the existing levy components for research and development (R&D), marketing and biosecurity, and provides details of the proposed new forestry RD&E and increased PHA biosecurity levy components. It sets out a number of proposed changes to the administration of the forest grower levy, summarises the wider consultation process undertaken by the industry, and outlines the ballot process undertaken and results achieved.

This submission details the process undertaken by AFPA in accordance with the *Levy Guidelines: How to establish or amend agricultural levies (2020)* to submit a levy proposal to the Minister for Agriculture, Drought and Emergency Management.

3.0 Application of the 12 levy principles

The Australian Government developed the *Levy guidelines* (2020)¹ to help industry bodies prepare a sound case for a levy or charge to be considered by industry members. The Principles (summarised in Figure 1) require the peak industry body to inform all potential and existing levy payers of the proposal, and to give those prospective levy payers and other interested parties an opportunity to express their views.

Figure 1: *Levy guidelines* (2020)

<p>Principle 1: The proposed levy must relate to a function for which there is a market failure</p>	<p>Benefits from additional forest research will flow to the whole industry and in some instances the broader community. There is already an acknowledged market failure which currently does not address the extent of the problem as there has been no increase to the forest grower levy since 2007. See section 4.5.</p>
<p>Principle 2: A request for a levy must be supported by industry bodies representing, wherever possible, all existing and/or potential levy payers, the relevant levy beneficiaries and other interested parties. The initiator shall demonstrate that all reasonable attempts have been made to inform all relevant parties of the proposal and that they have had the opportunity to comment on the proposed levy. A levy may be initiated by the Government, in the public interest, in consultation with the industries involved.</p>	<p>AFPA forest grower member levy payers representing over 80 per cent of the industry by volume produced annually voted unanimously to increase the forest grower and PHA levies in June 2020. In the months following, extensive and varied notification of the proposed increased occurred from the creation of a website, ads in national newspapers, ads in industry publications and newsletters with other actual and potential levy payers and other parts of the industry to inform them of the proposed changes and invite feedback. Interested parties were also given the option of voting on the proposed changes. See sections 9.1, 9.2 and 9.3.</p>
<p>Principle 3: The initiator of a levy proposal shall provide an assessment of the extent, the nature and source of any opposition to the levy, and shall provide an analysis of the opposing argument and reasons why the levy should be imposed despite the argument raised against the levy.</p>	<p>AFPA's consultation process identified opposition to the proposed changes by five voters. Reasons for objection were that the initial research topics identified by the industry may be largely specific to eastern Australia; smaller growers should contribute; and that the 20,000m³ per annum threshold may not simplify administration. There is opportunity to identify further research topics considered of collective benefit beyond the current list of priorities. AFPA's analysis found that the threshold captures 96 per cent of the potential levy revenue and that for the very small growers the administration costs are likely to exceed the levy amount collected. See section 10.6.</p>
<p>Principle 4: The initiator is responsible to provide, as follows:</p> <ul style="list-style-type: none"> • an estimate of the amount of levy to be raised to fulfil its proposed function • a clear plan of how the levy will be utilised, including an assessment of how the plan will benefit the levy payers in an equitable manner 	<p>Forest growers engaged in focussed and extensive discussions over several years to identify an initial \$53 million, five-year collaborative RD&E portfolio to boost innovation and start rebuilding the scarce research capacity. Where they can be quantified, modelled BCRs of the research to industry as a whole range from \$1 benefit for each \$1 invested to over \$20 benefit for each \$1 invested. The proposed and part of the current Commonwealth matched levy revenue and State grower contributions will provide half of the funding needs, with significant grower cash contributions and Commonwealth</p>

¹ *Levy guidelines: How to establish or amend agricultural levies*: <https://www.agriculture.gov.au/sites/default/files/documents/levy-guidelines.pdf>

<ul style="list-style-type: none"> • demonstrated acceptance of the plan by levy payers in a manner consistent with Levy Principle 2. 	<p>voluntary matching funding, beyond the \$1.659 million per annum cap, planned to provide the other half.</p> <p>Industry also worked with Government to develop a National Forest Biosecurity Surveillance Strategy, worth \$0.9 million per annum, to be funded through an increase to the Plant Health Australia biosecurity levy. The levy payers demonstrated their acceptance of the plan through the ballot which saw 95% per cent of vote by log production of forest growers levy payers supporting the increases.</p> <p>See sections 7.3, 7.4 and 7.6 for funds raised, sections 7.1 and 7.2 for use and 10.4 and 10.5 for acceptance.</p>
<p>Principle 5: The initiator must be able to demonstrate that there is agreement by a majority on the levy imposition/collection mechanism or that, despite objections, the proposed mechanism is equitable under the circumstances.</p>	<p>An independent and confidential ballot held in late 2020 found that 90% of votes cast and 95% of votes by log production volume were in favour of the changes. See section 10.4.</p>
<p>Principle 6: The levy imposition must be equitable between levy payers.</p>	<p>Forestry is not the principal enterprise of most small growers, and the long-term nature of forest growing is such that most small and one-crop growers cannot immediately or readily share in many of the benefits of forest research. The establishment of a 20,000m³ per annum threshold below which the levy will not be payable improves equity while still achieving 96 per cent of potential levy revenues.</p> <p>See section 8.2.</p>
<p>Principle 7: The imposition of the levy must be related to the inputs, outputs or units of value of production of the industry or some other equitable arrangements linked to the function causing the market failure.</p>	<p>The forest grower and forest industries products levy are currently collected based on the number of cubic metres of logs harvested. This is the generally accepted and principal measurement used in the sale of log products and is seen by growers as the most equitable and simplest way to apply a levy. Furthermore, that is how it currently operates. See section 8.2.</p>
<p>Principle 8: The levy collection system must be efficient and practical. It must impose the lowest possible 'red tape' impact on business and must satisfy transparency and accountability requirements.</p>	<p>The industry has an existing forest grower levy with collection arrangements in place that work efficiently and effectively. The log processor currently acts as the levy collection point for the forest grower levy because it is the narrowest point in, and an essential element of, the domestic supply chain. See sections 8.1, 8.2 and 8.4.</p>
<p>Principle 9: Unless new structures are proposed, the organisation/s that will manage expenditure of levy monies must be consulted prior to introduction of the levy.</p>	<p>Forest and Wood Products Australia and Plant Health Australia manage the expenditure of the Forest grower levy and biosecurity levy respectively. Both organisations were closely consulted about the proposed changes, are supportive and have provided letters of support to this proposal. See section 9.2 and Appendix 11 & 12.</p>
<p>Principle 10: The body managing expenditure of levy monies must be accountable to levy payers and to the Commonwealth.</p>	<p>Both the Forest and Wood Products Australia and Plant Health Australia operate under a constitution, have a Board of Directors, and are audited annually. In particular, the FWPA operates under a Statutory Funding Contract entered into with the department, while PHA operates in accordance with the <i>Plant Health Australia (Plant Industry) Funding Act 2002</i>. See section 8.5.</p>
<p>Principle 11: After a specified time period, levies must be reviewed against these Principles in the manner</p>	<p>A review of the performance of the new RD&E component is planned to be conducted by AFPA in the third year of its operation. Reviews will take place periodically thereafter, with a view to considering the success of</p>

determined by the Government and the industry when the levy was first imposed.	the increased RD&E program and whether further changes are needed in year five. <i>See section 11.0.</i>
Principle 12: The proposed change must be supported by industry bodies or by levy payers or by the Government in the public interest. The initiator of the change must establish the case for change and where an increase is involved, must estimate the additional amount which would be raised. The initiator must indicate how the increase would be spent and must demonstrate the benefit of this expenditure for levy players.	As addressed above. <i>See sections 7.1 and 7.2 for the proposed programs, section 9.0 for consultation and 10.4 for support.</i>

Before submitting the proposal to the Australian Government, the industry organisation is required to consult with all sectors of their industry, and with as many existing and potential levy payers as possible. In proposing a new levy to the Australian Government, an industry organisation must:

- show how it will benefit levy payers and the industry in general;
- estimate the amount it will raise;
- provide a clear plan for the use of the money; and
- recommend how the levy or charge is to be calculated.

Increasing the levy will have a direct financial impact on forest growers – it represents an investment by growers in work that is carried out on their behalf, for the benefit of their industry. This proposal complies with all requirements of the *Levy guidelines* (2020) and details all relevant information.

4.0 Profile of the Australian forest industry

Australia has a vast forest estate of 132 million hectares², making it the world's seventh most forested nation. However, despite an abundance of forest resources, only around 5.5 million hectares of multiple-use public native forests and 2 million hectares of plantations are available for wood production. The plantation estate, split almost evenly between softwood and hardwood, supports more than 80 per cent of Australia's total wood production.

Plantation trees are grown in every state and territory in Australia with the majority planted in Victoria (418,500 hectares), New South Wales (393,200 hectares), Western Australia (359,900 hectares) and Queensland (230,000 hectares)³.

^{2 and 3} ABARES (2018) - *Australia's State of the Forests Report 2018* https://www.agriculture.gov.au/sites/default/files/abareforestsaustralia/documents/sofr_2018

⁴ ABARES (2019) - *Australia's Forests at a Glance 2019*

The majority of Australia's commercial forests are certified under either the internationally recognised Forest Stewardship Council or Australia's Responsible Wood certification schemes (or both) demonstrating environmentally, socially and commercially responsible management. Compared to the global average of eight percent of forests certified, Australia is a leader when it comes to ensuring responsible management of commercial and multiple-use forests.

In 2017-18 Australian Bureau of Agriculture and Resource Economics and Sciences ⁴ (ABARES) estimated production to be 28.7 million m³ of logs from plantations and 4.2 million m³ from native forests.

Collectively, forestry industries directly employ 80,000 people along the industry value chain, predominantly in regional Australia⁵. Indirectly, a further 100,000 people are employed through flow-on economic activities, again mostly in regional areas.

It is estimated that the forest and wood products industry contributes \$24 billion annually to the Australian economy. It contributes approximately 0.5 per cent to Australia's gross domestic product and 6.6 per cent of manufacturing output. Even at current growing and processing levels, Australia runs a trade deficit in forest products of more than \$2 billion per year⁴.

4.1 Products

A wide range of trees are harvested from commercial native forests, plantations and private forests.

Commercial native forests vary significantly across Australia. Many different tree species are harvested from them, being mostly *Eucalyptus* species and including native cypress pine. All are generally grown over a long period of time with a focus on producing high value logs. Logs are typically processed domestically to create a wide range of products including appearance grade timbers for furniture, feature elements in buildings, flooring and decking, poles for construction and powerlines, landscape and fencing timbers, woodchips for pulp, paper, packaging, landscaping, fuels and firewood.

Plantations are categorised as softwood (comprising of several introduced *Pinus* species, and a native pine *Araucaria cunninghamii*), or hardwood (primarily several Australian *Eucalyptus* species including Blue gum, Shining gum, African mahogany and some other minor species). Softwoods are often grown on a longer rotation (25-45 years from seedling to harvest) while hardwoods are usually grown on a shorter rotation (10-25 years). The different species lend themselves to different products. Rotation length also influences the markets and products that growers look to market fibre into.

Softwood plantation logs are mostly processed domestically with a focus on producing sawn timber for construction purposes. Sawn timber is further value-added through its use in engineered timber products such as Glulam beams, Laminated Veneer Lumber and Cross-Laminated Timber panels. Veneers are produced from some logs and manufactured into structural and appearance grade plywood. Timber and posts for fencing and landscaping are also produced from softwood logs, as are poles for construction and power lines, woodchips for pulp, paper, packaging, landscaping and fuels, shavings for animal bedding, and pellets for fuel.

⁴ ABARES (2019) – Australia's Forests at a Glance 2019

⁵ AFPA (2020) – Australia's Forest Industries at a Glance <https://ausfpa.com.au/other-publications/forest-products-industry-at-a-glance/>

Hardwood plantation logs are generally processed into woodchips for the pulp, paper and packaging industries. Some logs are processed domestically into engineered wood products, while others are exported to countries that manufacture their own engineered wood products.

Australian plantations and forests are carbon sinks according to *Australia's State of the Forests Report 2018*⁶ estimating that 258 million tonnes of carbon are stored in plantation forests, and 3,069 million tonnes are stored in production native forests. Protecting and expanding these forests contributes to Australia's effort to reduce emissions.

4.2 Ownership

Most of Australia's commercial plantation forest estate is owned and operated by a small number of large and medium forest growers, accounting for up to 96 per cent by production volume. Many small growers account for the remainder.

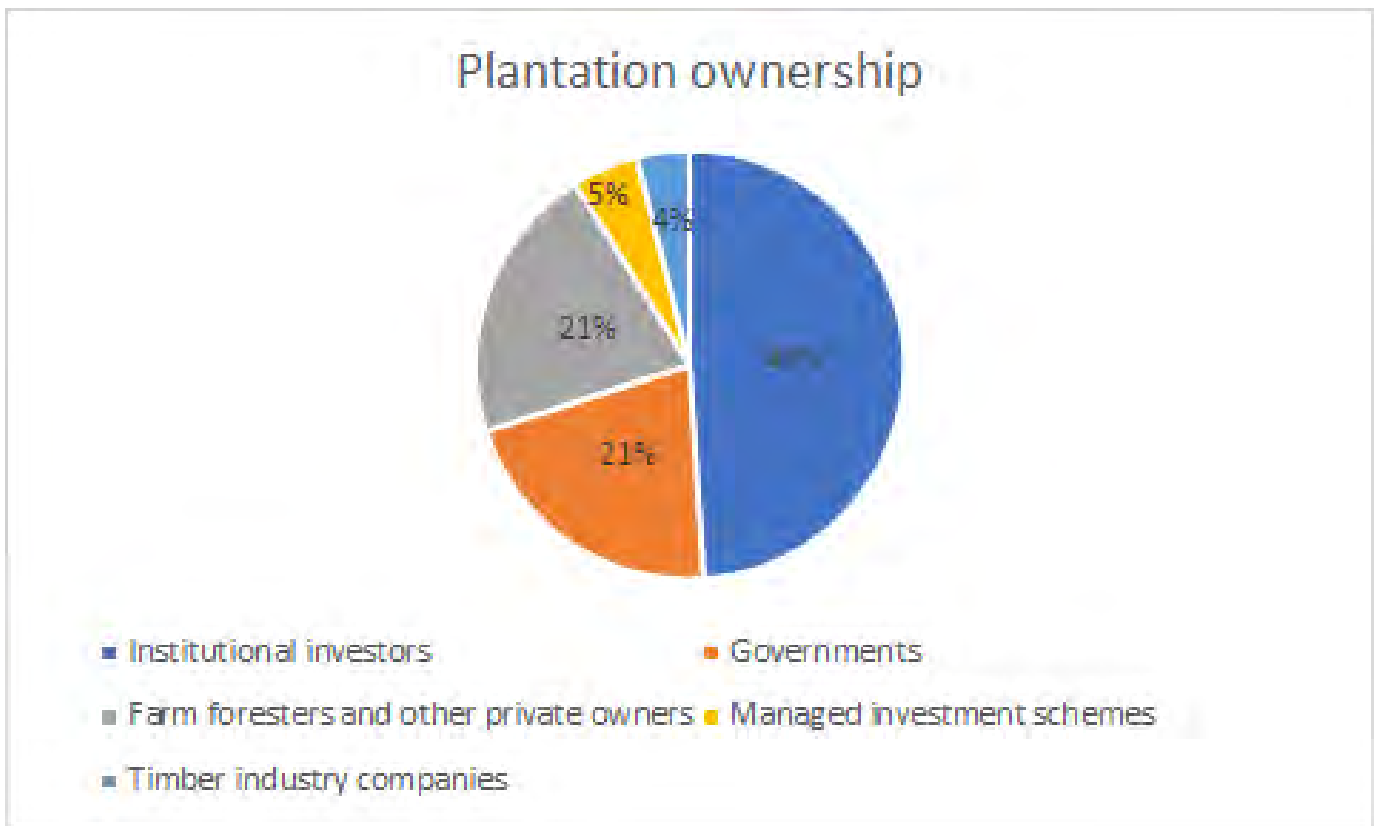
Most commercial temperate native forests are publicly owned and managed by or on behalf of State Governments. There are also significant areas of native forest owned by Aboriginal communities, and numerous small freehold native forest parcels under the ownership and management of many small businesses and farmers, mostly as a supplement to their primary business enterprises.

While several States continue to own and operate large softwood plantation estates through Government Business Enterprises, most of the softwood plantation estate in Australia is now under private ownership, mostly by institutional investors such as superannuation funds. There are also many small softwood woodlots, again often managed as a supplement to the primary enterprise of farmers or small businesses.

The majority of Australia's hardwood plantations were established in the last 20 to 30 years by private enterprise, many through Managed Investment Schemes. The majority of these plantations are now also owned and managed by institutional investors. There continues to be ownership of some woodlots by individual investors, including farmers. Figure 2 provides a high-level overview of plantation ownership.

⁶ DAWE (2018) - *Australia's State of the Forests Report 2018* <https://www.agriculture.gov.au/abares/forestsaustralia/sofr/sofr-2018>

Figure 2: Commercial plantation ownership categories in Australia (as at 2014-15)



Source: DAWE (2018) - Australia's State of the Forests Report 2018. <https://www.agriculture.gov.au/abares/forestsaustralia/sofr>

4.3 Industry Representation

AFPA is the peak national body for Australia's forest, wood, paper and bioproducts industries covering the forest products value chain.

AFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource, including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp, paper and bioproducts. AFPA represents 27 of the larger and smaller state-owned and private forest growers from across Australia, consisting of some 90% of industry representation by volume.

Forest industry organisations from each State and professional associations (including the IFA-AFG – a recently established body following the amalgamation of the Institute of Foresters Australia and the Australian Forest Growers) are affiliated with AFPA, and through IFA-AFG, AFPA has networking opportunities with an even larger pool of forest growers and forest product processors. Both bodies have worked together on this proposal and consulted with their respective members.

4.4 The collective industry problem

There are many ongoing challenges facing the forestry industry that cannot be addressed adequately with current funding levels. These challenges can be categorised under three broad themes:

1. **Avoiding losses** due to native and exotic pests⁷; increasing incidence and intensity of bushfires and severe weather events, and other climate change impacts.
2. **Increasing productivity** through improved tree genetics matched to current and future climates, better nutrition and silviculture (forest management interventions);
3. **Reducing costs** through streamlining of complex supply chains and adoption of emerging technologies such as artificial intelligence and automation, and better use of big data.

Brief details on each of these is provided below:

Pest risk and biosecurity

The last few decades have seen dramatic increases in tourism and international trade, alongside a downward trend in technical and scientific human resources. These factors combined have contributed to an increasing biosecurity risk to Australian forests⁸.

The establishment of *Eucalyptus* and *Pinus* plantations over the last century has led to the emergence of 'new' pests not previously known to occur in Australia⁹. Pests that establish in Australia can pose a significant risk to production forests and native forest ecosystems¹⁰.

A recent pest incursion of Giant Pine Scale (GPS) was discovered in 2014 on pine trees in Melbourne and Adelaide, resulting in the activation of a biosecurity emergency response. By 2016, the destruction of all 91 GPS infested trees in South Australia had been completed. In Victoria however, with more than 4,300 trees infested across 162 properties, managing authorities considered it impossible to eradicate GPS and the decision to end the emergency response was made. Earlier detection through targeted, high-risk site surveillance and stakeholder surveillance when the number of trees infested was lower, could have resulted in GPS eradication.

Planned investment in pest risk management RD&E and biosecurity by the forestry sector will enable the industry to avoid unnecessary losses and retain access to global markets. It will also provide significant shared economic, social and environmental benefits to other forestry stakeholders such as governments and the community.

Bushfire

While fire is a normal part of the Australian landscape and essential for many ecological processes, extreme and uncontrolled fire events present an increasing risk of significant loss of commercial forests.

⁷ In this document 'pests' refers to any damaging or disease-causing organism affecting tree hosts.

⁸ Mohammed, C. et al. (2011) - An audit of forest biosecurity arrangements and preparedness in Australia.

^{9 and 10} Burgess, T. I. & Wingfield, M. J. (2017) - Pathogens on the Move: A 100-Year Global Experiment with Planted Eucalypts. *BioScience* **67**, 14–25.

The 2019-20 'Black Summer' fires burnt a record 8.34 million hectares of forest, wreaking unprecedented damage to Australia's forestry industries. A total of 130,000 hectares of commercial plantation forest and 2 million hectares of multiple use native forests was burnt.

The fires had a devastating regional economic and social impact. Among the most severely affected forestry regions were the softwood plantations of the South West Slopes of NSW (taking in the Snowy Mountains region), which suffered unprecedented damage as a result of fire. The softwood plantation-based industry of the South West Slopes currently supports nearly \$2 billion of economic activity, together with nearly 5,000 jobs, making it the biggest industry and employer in the region.

In 2021, salvage of burnt trees will cease and the availability of logs to local processors will be much reduced from these plantations for the next 10 to 20 years, until re-planted forests are ready to harvest. The local pulp mill and sawmills will need to source alternate supplies and will almost certainly need to reduce production levels during this period. The impact will also be felt by the many harvest and haulage contractors and other plantation management contractors, many of whom will likely be forced out of business.

Finding better ways to protect our forests from fire, make forests and trees more resilient and improve fire behaviour modelling, will all position the forestry industry to provide processors with consistent log supply more securely and reliably. Increased investment in research will enable these priorities.

Climate change

Predicted higher summer temperatures, increased prolonged drought conditions and fire risk, and more frequent severe weather events all present significant challenges to forests in a changing climate. The precise potential impacts are not well understood. However, there is a general expectation that mainland Australian forests, both natural and planted, will experience stress and mortality as a direct consequence of dry conditions and extreme weather events, and indirectly through increased incidence of fire, pests and disease. In addition to the need for the forestry industry to adapt the planted forest resource for predicted future climates, forests also have a critical role to play in the sequestration of carbon to ameliorate greenhouse gas emissions.

To create resilient forests and landscapes that will continue to produce timber and meet the increasing demand for fibre products, the industry recognises the need for adaptation research into innovative and accelerated tree breeding programs; new management practices; fire behaviour and risk modelling. This research should be conducted alongside better detection and management of established and exotic pests and diseases.

Silviculture and tree genetics

Research to improve plantation productivity, resilience and wood quality is ongoing. The management interventions (called silviculture) used to grow trees need regular review as new technologies, chemicals and fertilisers become available; as processing becomes more efficient; as markets for new timber products are created, and as community, social and environmental expectations evolve.

Similarly, there is an ongoing effort to improve the genetics of our forests, which aims to develop faster-growing trees with better wood quality characteristics and that are better suited to predicted future climatic conditions.

Historical innovations in silvicultural practices have significantly contributed to increased plantation productivity and log supply to timber processors. For example, industry adoption of research into thinning and fertiliser regimes in South Australian pine plantations in 2006 led to an immediate 5 per cent (50,000m³/year) increase in log supply from those forests.

A recent example of the benefits of genetics research came following the destruction of thousands of hectares of southern pine plantations by tropical cyclone Marcia in Central Queensland in 2015. Data collected from impacted genetics field trials revealed that several tree hybrids were significantly more resilient to cyclonic winds. As a result, a new generation of wind-firm hybrid southern pines is being deployed.

Improvements in silviculture and genome sequencing with trait mapping offer real opportunities to improve the productivity, quality and resilience of existing and new plantations.

Supply chain

An important part of the forest grower supply chain extends from the forest to processor mills and utilises a range of harvesting, loading and haulage equipment. Trees are either processed into logs at the stump or at roadside, and then loaded onto trucks and hauled to the processing mills or processed into woodchips at roadside for delivery to domestic mills or to port. The supply chain is a costly and hazardous part of the forestry process, so any improvements in technology and systems could improve the recovery of trees and the economics and safety of the industry.

The processing of trees often generates residues in the form of small diameter, short or out-of-specification logs, large branches and foliage. Like most agricultural enterprises, not all of what is grown is usable or commercial. A key reason for the latter is the economics associated with processing, loading and transporting the material to 'market'. While much of these residues should remain on-site for their organic matter and nutrient benefits, a portion is often suitable for other products including biomass for biorefining, pellet production, or heat and electricity production. Finding more efficient means to manufacture and deliver these residues into a product suitable for processors is a real opportunity to increase the utilisation and value of harvested trees, improve the economics of forestry, further deepen the renewable energy market and shift the industry towards a circular economy.

Artificial Intelligence and big data

The application of Artificial Intelligence and big data solutions in forest management is in its early days. Automation is an area that will become increasingly important in the future. Forest growers understand the potential of such technologies to improve the economics and opportunities for forest growing. They also understand the need to invest in data capture and analysis. Improved forest knowledge leads to better management decisions.

4.5 Market failure

The Commonwealth Government has already acknowledged market failure in the forestry and wood products industry, and as a result a forest grower levy already exists with two components being for R&D and marketing and the PHA biosecurity contribution. Positive externalities commonly result from forestry RD&E and biosecurity investment.

RD&E

In 2007 the R&D and marketing forest grower levy component of \$0.05/m³ of log production was introduced and has not been amended since.

The Productivity Commission in its 2011 report into the Research and Development Corporations (RDC) sector¹¹ noted that, "beneficial R&D outcomes are not 'ends' in themselves when it comes to justifying government intervention." Critically, the report goes on to state that, "*government funding for projects is only justified where there are clear reasons why the private sector will fail to sufficiently invest in worthwhile projects, and if alternative mechanisms for addressing such market failure are unlikely to be either practical or effective.*"

This is the challenge for forest research in Australia where the benefits from research are likely to flow to the whole industry, and in some instances the broader community, yet the high costs would be borne by just a small number of individual companies (for a consequent low return). This is largely a result of most forest research outcomes being non-exclusive and ultimately shared by all growers, whether they have contributed to the research or not. An example is a change to silviculture, resulting from a research project, that becomes common practice across the industry.

By sharing the costs of RD&E across many growers, individual costs and risks are reduced for the same net benefit (and hence improved returns to justify the investment).

Further, the benefits of many forest research initiatives extend beyond commercial forests into wider native forests, parklands and urban communities – this is particularly the case with research into management of pests, diseases and fire.

The extensive timeframe associated with forest investments compared to most agricultural industries – 10 to 45 years from planting to harvest for most plantation forest growers and longer for native forests – also contributes to market failure. Research into genetics and nutrition may not generate a return until trees benefitting from that research are harvested and this research may not be recognised as an asset value until trees have grown sufficiently to demonstrate the benefits.

PHA biosecurity

The PHA biosecurity forest grower levy component was introduced in 2014 and was set at a level to fund AFPA's annual membership fee of PHA. To date, funds collected have been marginally higher than required for membership fees. With publication of the National Forest Biosecurity Surveillance Strategy, the task to protect commercial forests from incursions of new pests and diseases is more apparent and requires funding outside the current levy collections.

In terms of responding to this wider biosecurity task – which includes costs such as employment of a National Forest Biosecurity Coordinator (NFBC), risk analyses and high-risk site surveillance – the benefits clearly extend beyond individual growers' forests and are non-excludable. Furthermore, the success of forest biosecurity is greatest when all forest growers participate, not just a few.

The benefits of any increased forest biosecurity measures will extend beyond commercial forest growers and spill over to other forest owners. The wider forest environment, rural landscapes and urban areas will leverage value from the detection, control or eradication of established and new tree and forest pests and diseases.

¹¹ Productivity Commission (2011) - Rural Research and Development Corporations, Report No. 52, Final Inquiry Report, Canberra <https://www.pc.gov.au/inquiries/completed/rural-research>

4.6 Voluntary matching cap

The Commonwealth Government's Productivity Commission enquiry into rural RDCs in 2011 recommended the Government also match voluntary R&D contributions made by rural industries, provided the overall Commonwealth levy and voluntary matched payments did not exceed 0.5 percent of the industry's GVP. Subsequently, the *Rural Research and Development Legislation Amendment Bill 2013* enabled Commonwealth Government matching funding for voluntary contributions to all RDCs.

In 2015 the Commonwealth Government *Forestry Marketing and Research and Development Services Regulations 2008* were amended (by the *Forestry Marketing and Research and Development Services Amendment Regulation 2015*) to establish voluntary matching arrangements and a cap for the forestry and wood products industry. The cap was set at \$480,000 for the 2015-16 financial year, it progressively increased to \$1,659,000 for the 2018-19 and subsequent financial years.

While many rural industries have set their levies so that the 0.5 percent of GVP matching funding from the Commonwealth Government is achieved, the forestry and wood products industry levies do not. Furthermore, forestry is the only agricultural industry with voluntary matching provisions where a dollar limit (or cap) has been set on Commonwealth matching of those contributions.

In this submission, forest growers are seeking to both increase their levy payments and remove the voluntary cap, to co-fund RD&E priorities and bring it into line with other rural industries.

5.0 Historic forest research and biosecurity funding

Historically, forestry research was mostly the domain of the Commonwealth (principally through the Commonwealth Scientific and Industrial Research Organisation - CSIRO), State Governments (primarily through their State-owned forestry enterprises) and, to a lesser extent, universities. The model was reflective of the Government ownership and operation of most of Australia's commercial native forests, and of the development of a major softwood plantation estate. Research activities were critical in the growth of the plantation estate, and of the successful stewardship and management of commercial native forests.

In the 1990's, States commenced selling their plantation estates and, as a result, private investment in plantations (particularly hardwoods) increased. In parallel, Government commitment to, and the model for, forestry RD&E changed, in line with the model used for other agricultural industries. The *Forest Industries Research Levy Act 1993* created the Forest and Wood Products Research and Development Corporation, which in 2006 transitioned to Forest and Wood Products Australia (FWPA). As a result the last 20 years have seen CSIRO close the majority of its forestry research facilities, and most States have reduced their forestry research commitments.

In 2007-08 Australian Governments (Federal and State) invested approximately \$100 million in forestry industry RD&E. This collapsed to less than \$20 million in 2018-19¹². There has been a similar decline in research capacity, with the number of forestry researchers dropping from more than 730 to approximately 30.

Recently, the short-term National Institute for Forest Products Innovation (NIFPI) funding programs have enabled temporary State-based research centres in Mt Gambier (South Australia), Launceston (Tasmania)

¹² Turner, J and Lambert, M.J. (2015) *Changes in Australian Forestry and Forest Products Research 1985-2013*.

and Gippsland (Victoria). This program provided some relief, however the need continues for building Australia's long-term, well-funded forestry and forest products industry research capacity.

Even considering technology driven efficiencies, the reduction in research capacity between 1985 and today is very significant and industry competitiveness is being impacted. In effect, the Australian forestry sector is living off the research and development capital of years past.

Funding for biosecurity has not kept pace with the increasing risk posed by global trade and travel.

6.0 Existing Forest Grower levies

Two forest grower levy components currently operate: being the R&D and marketing levy and the PHA biosecurity levy component.

6.1 Existing forest grower R&D and marketing levy component

The forest grower R&D and marketing levy component (comprising private grower levy payments and State growers who voluntarily contribute levy equivalent funds directly to FWPA) currently raises about \$1.5 million per annum with half spent on RD&E. Table 1 details the current R&D and marketing levy component rates.

Table 1: The R&D and marketing levy component

Leviable logs	R&D and marketing
Plantation Logs – Exotic Softwood (<i>Pinus spp.</i>)	\$0.05/m ³
Plantation Logs – Other (primarily hardwood spp)	\$0.05/m ³
Other Logs (Native Forests)	\$0.05/m ³

Forest growers continue to see the relevance and importance of funds for marketing. They are pooled with forest processor levy funds and are directed to a range of important activities to promote forestry and wood products including; *The Ultimate Renewable* brand, *ForestLearning* education program, *WoodChat* podcasts, and Planet Ark's *Make it Wood* campaign. Programs such as these are critical for influencing consumers and promoting the benefits of timber products, and maintaining and driving demand for forestry industry products, now and in the future.

In addition to this funding, through FWPA a group of forest growers created a Growers Collaboration Fund (GCF) to which interested growers have voluntarily and collectively contributed funds. The GCF is used to fund RD&E projects leveraging Commonwealth voluntary matching funding, adding up to a further \$1.6 million per year in collaborative RD&E. The money available through voluntary matching is quickly exhausted at the start of each financial year, leaving a backlog of unfunded projects.

Through the legislated levy and voluntary matching, forest growers spend approximately \$3.2 million annually on collaborative RD&E.

6.2 Existing forest grower PHA biosecurity levy component

On behalf of forest growers, AFPA is a member of PHA as a signatory of the Emergency Plant Pest Response Deed (EPPRD). This commits growers to no specific funding obligation unless an emergency response to a forest pest or disease is required. AFPA (and its predecessor organisation) has been a member of PHA since 2005.

The forest growers levy includes a PHA biosecurity levy component (applied to private grower plantation logs only), which raises around \$100,000 annually, primarily to fund the annual PHA membership fee. Table 2 details the PHA biosecurity levy component of the forest grower levy.

Table 2: The PHA biosecurity levy component

Leviable logs	PHA
Plantation Logs – Exotic Softwood (<i>Pinus sp.</i>)	\$0.005/m ³
Plantation Logs – Other	\$0.005/m ³
Other Logs	-

There is currently no levy funding through PHA used to target a specific biosecurity programs to prevent incursions.

7.0 Increasing the levy components: an opportunity to increase collaborative investment in RD&E and biosecurity

Forest growers have investigated how to best resolve the issue of the current deficit in funding for RD&E and biosecurity. Focussed and extensive engagement over several years has resulted in this proposal to increase levy payments. Collective action on levy payments was determined to have the most benefit for industry, as all commercial growers would benefit from the proposed programs.

The increased forest grower levy is a critical component of a broader collaborative funding program agreed by the large growers through AFPA, to implement an initial \$53 million portfolio of priority RD&E over five years. The Commonwealth matched levy revenue and State grower contributions will provide half of the funding needs. Significant grower cash contributions and Commonwealth voluntary matching funding, beyond the \$1.659 million per annum cap, planned to provide the other half.

7.1 RD&E levy and benefits

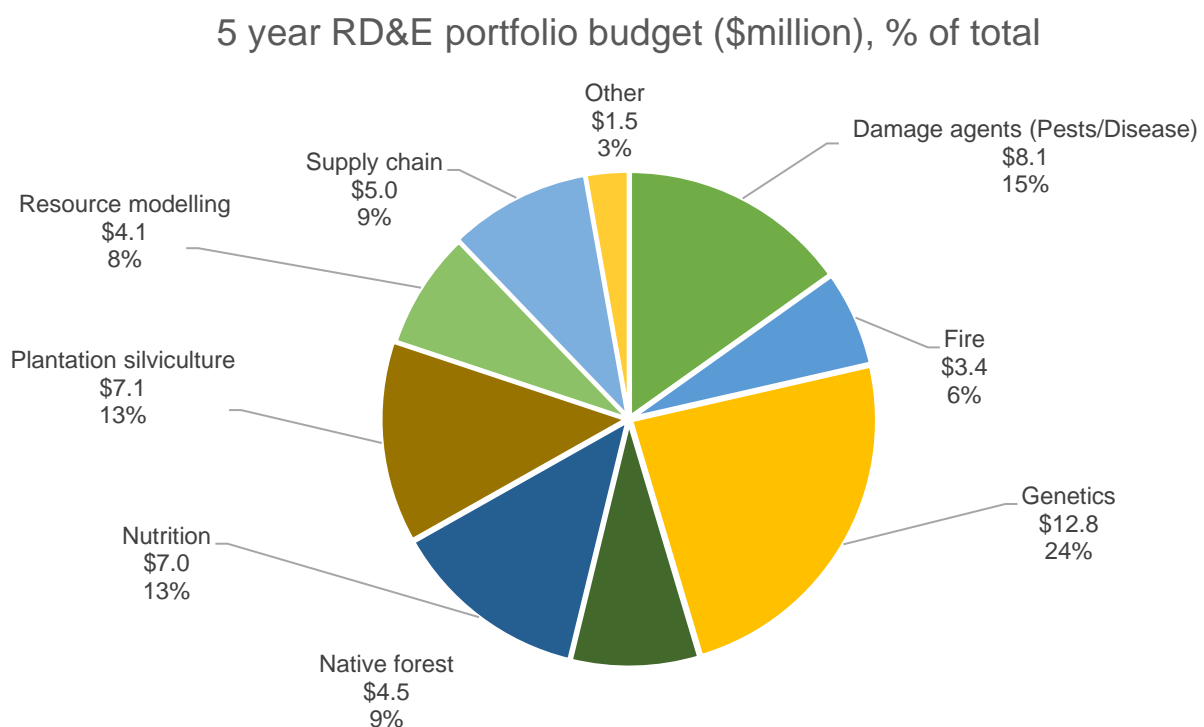
In 2018 forest growers commissioned FWPA to determine RD&E priorities by developing a series of forest research investment plans for an initial five-year program. A number of steering committees were formed, and wide consultation with forestry RD&E experts and growers occurred. The focus was on identifying key forestry RD&E opportunities that would make the industry more resilient and assist in its vision to double the value of Australia's forestry and wood products industries by 2040.

The outcome of industry engagement is eight investment plans that address the following research topics:

- **Damage agents** – to minimise damage to commercial forests from established and exotic pests, diseases and severe weather events
- **Fire** – to minimise the impacts of fire on Australia’s commercial forest estate
- **Genetics** – to sustainably maximise value gains through tree breeding and genetic improvement
- **Plantation nutrition** – to increase the productivity and health of commercial plantations through nutrition
- **Native forest silviculture** – to increase the productivity, health and resilience of commercial native forests through silvicultural interventions
- **Plantation silviculture** – increase the productivity, health and resilience of commercial planted forests through silvicultural interventions
- **Resource modelling** – to realise value gains from commercial forests through remote sensing and resource modelling innovations
- **Operations and supply chain** – to drive efficiencies and safe practices in forest operations and supply chains through innovative use of data and automation.

In late 2019, the investment plans were finalised and industry leaders and research experts reviewed them, before conducting a prioritisation process that created a \$53 million, five-year program comprising 103 RD&E project topics (see Appendix 3). The prioritisation process incorporated consideration of benefit cost analysis at the project topic level. A breakdown of where RD&E investment would flow is shown in Figure 3 below.

Figure 3: Proposed RD&E portfolio budget for each research theme



Source: FWPA, 2020. Grower Research Advisory Committee discussion paper.

The program is focussed on project topics where there is a collective benefit. This proposed portfolio is in addition to the in-house efforts of individual growers. Assuming matching funds are available from the Commonwealth, \$5.35 million annually is required from grower contributions. This represents an almost \$4 million annual increase to the recent collective investment by growers through their levy and voluntary contributions.

It is proposed that nearly half of this funding increase is raised through the new forest grower RD&E levy component, and it is expected that some State-owned growers will also commit through an Agreement with FWPA. In addition to the money raised from the new levy, a group of growers has committed to voluntarily contribute an equivalent amount through continued contributions to the GCF. This is a means of achieving a target of 50 per cent of the five-year RD&E program requirements.

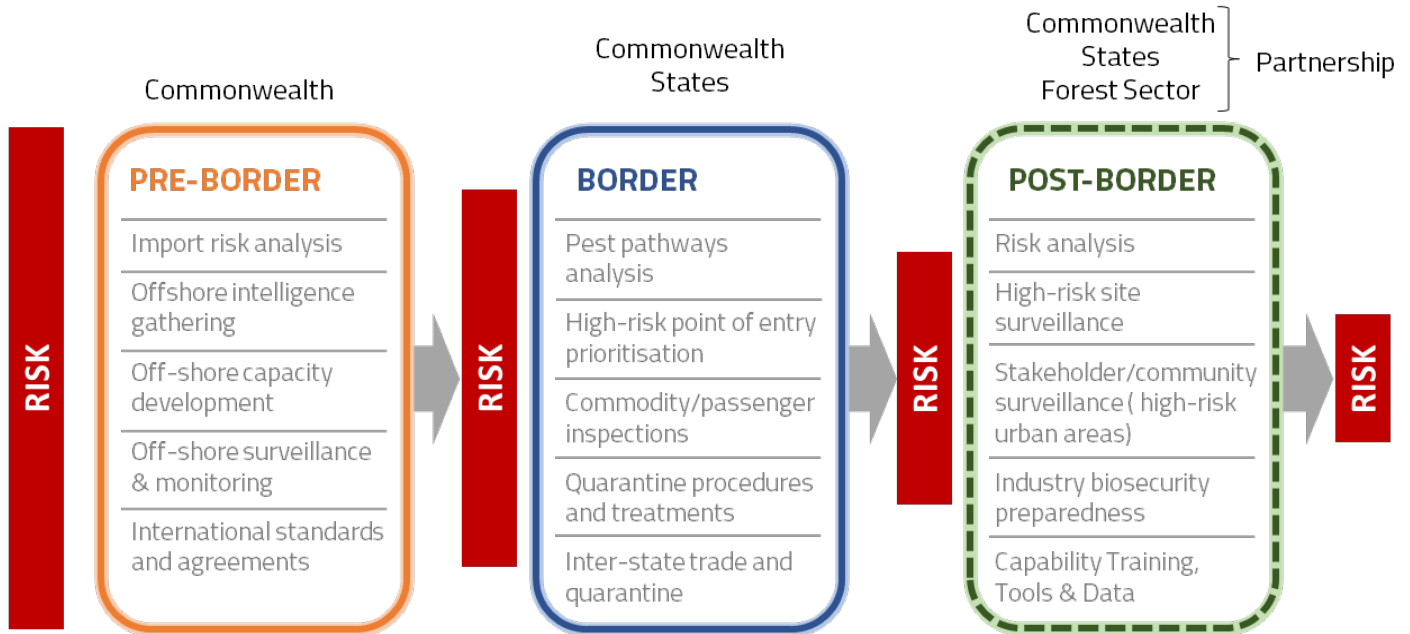
A study was undertaken by Sylva Systems to quantify the potential financial impact, benefit-cost ratio (BCR) and internal rate of return (IRR) of each project topic in the proposed program (Appendix 3). It was determined that a financial impact (benefit) of \$697 million is possible, based on the current forest estate, from improved productivity (more volume sooner and higher value logs), reduced costs (more efficient supply chains) and avoided losses (reduced pest, bushfire, weather-related impacts). Where they can be quantified, modelled BCRs of the research to industry as a whole range from \$1 benefit for each \$1 invested to over \$20 benefit for each \$1 invested.

While the proposed RD&E portfolio covers a five-year period, it is anticipated the RD&E task will continue in the long term as new technology, initiatives and challenges arise. Continuation of the RD&E investment beyond five years will increase these benefits even further.

7.2 PHA biosecurity levy and benefits

There are many ongoing biosecurity challenges facing the forest industry that are not able to be addressed adequately with the current funding flowing to PHA. Currently, Australia does not have a coordinated set of post-border activities to mitigate the risk to forests of exotic pests. Australia's biosecurity system involves a series of activities occurring at the pre-border, border and post-border (see Figure 4). Effective actions at pre-border, border and post-border each reduce the risk of new incursions of pests and disease.

Figure 4: Activities occurring pre-border, border and post-border that lead to a reduction of exotic pest risk. Hatched box highlights the proposed partnership post-border program.



In 2018, the Minister for Agriculture and Water Resources committed industry funding for the development of the *National Forest Biosecurity Surveillance Strategy 2018-2023*¹³. The strategy saw the creation of the new role of NFBC located within PHA. The role looks after the National Forest Pest Surveillance Program, which is comprised of post-border activities coordinated and operated with PHA, industry and Federal Government oversight by a Steering Group (Figure 6). The Federal Government provided funding for an initial two years for the NFBC, which was matched by a group of growers who have since continued to fund the role.

The NFBC has developed an indicative program and budget of \$900,000 annually for a five-year *National Forest Pest Surveillance Program* (see Appendix 4). The model requires PHA to use funds raised through the increased biosecurity component of the forest grower levy to support most (by cost) of the program. The remainder will largely be secured through Commonwealth and State Government in-kind support, effectively leveraging their existing capabilities.

The increase to the PHA biosecurity levy would allow the NFBC to focus on the following five key areas post-border:

High-risk area analysis

High-risk area analysis involves: (1) identifying exotic pests that pose a threat to Australia's forests, and (2) pest incursion pathways analysis to identify high-risk areas for the entry of exotic pests. The post-border

¹³ PHA (2018), *National Forest Biosecurity Surveillance Strategy 2018-2023*

program will further develop and regularly apply existing risk modelling tools for current and new potential forest pests.

High-risk Site Surveillance

High-risk Site Surveillance (HRSS) involves conducting surveys at and near the sites most likely to contain potential exotic forest pests, such as ports and airports. HRSS is critical to the early detection of new pest incursions and hence the successful eradication of these at the lowest cost. HRSS for forest pests is not formally undertaken in most jurisdictions, so a formalised and coordinated program is proposed. Further, the post-border program will support professional development activities to maintain and improve national forest biosecurity expertise.

Stakeholder/community surveillance (including high-risk urban areas)

The program will establish networks and deliver training for the professionals, industry players and a potential 'army' of volunteers, to identify or flag items of biosecurity interest and potential new incursions in high-risk urban and peri-urban areas. This is critical to early detection and effective responses before exotic pests reach forested areas. Industry forest health surveillance is vital for confirming the distribution of current endemic and exotic pest species, and provides essential information for confirming areas free of pests, which is important for the maintenance of market access. Much of the industry undertakes varying degrees of surveillance across their forest estates, but could do better through the improved tools and coordination provided by the program.

Tools and data

Developing a database of potential and current pests, and of their distribution, as well as building the tools to disseminate and collect pest information widely, underpins all forest biosecurity activities. This will ensure the professionals, industry players and wider community are well-informed for appropriate detection, recognition and response. Coordination and management of these activities through the program will be vital to ensure standards and up-to-date information is maintained.

7.3 Proposed new and increased forest grower levy component revenues

The new RD&E component and an increase to the PHA biosecurity component of the forest grower levy are proposed with incremental increases to the RD&E component to be implemented over three years. Based on these levy rates and assuming, 30 million m³ of logs are harvested each year in Australia and an exemption threshold of 20,000m³ is established, Table 3 sets out estimated revenues.

Table 3: Estimated future revenues from current and proposed forest grower levy components

Year	RD&E levy revenues (\$000's)			Biosecurity levy revenues (\$000's)		
	Current R&D and marketing	New RD&E	Total	Current Biosecurity	Biosecurity increase	Total
	(applied to private native forest and plantation logs)			(applied to private plantation logs only)		
Year 1	\$516	\$724	\$1,240	\$100	\$901	\$1,001
Year 2	\$516	\$1,242	\$1,758	\$100	\$901	\$1,001
Year 3 and onwards	\$516	\$1,759	\$2,275	\$100	\$901	\$1,001

- Assumptions:
1. 30 million m³ of log is harvested each year in Australia
 2. 68% of these logs are from private sources and meet the 20,000 m³ exemption threshold
 3. 29% of the total annual harvest is from State sources which is not subject to the forest grower levy, noting that State growers contribute a levy equivalent amount (not shown here) to the R&D and marketing levy component
 4. 50% of the R&D and marketing levy goes to forestry RD&E (and 50% goes to industry marketing programs)

Current and new levy revenues on their own will not fund the proposed increased forest RD&E and biosecurity programs. Sections 7.4 and 7.5 of this submission set out additional means by which funds will be raised by the forest industry and seek matching funding from the Commonwealth.

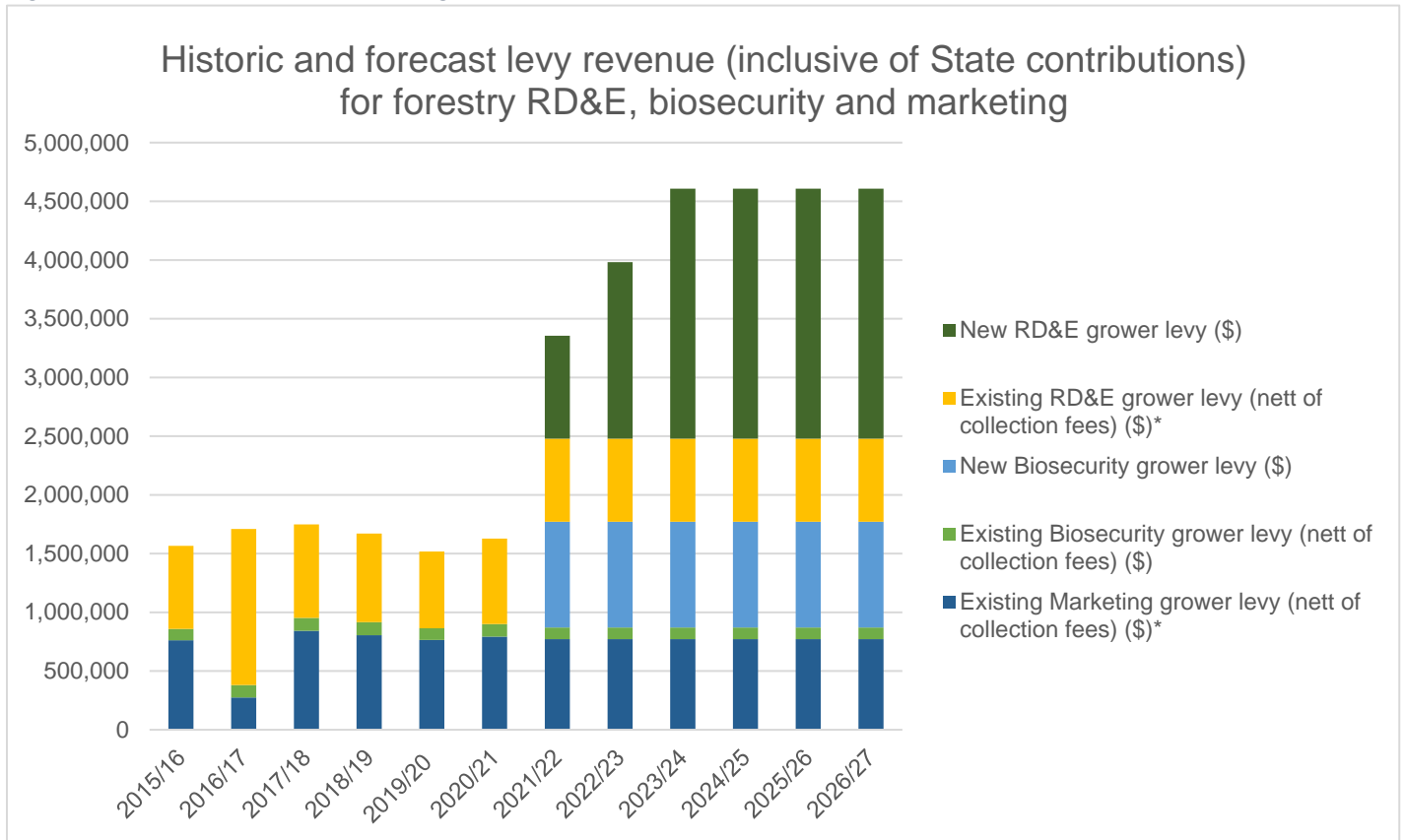
7.4 Forest grower levy, State levy equivalent and Commonwealth levy matched funding

RD&E expenditure using levy funds attracts Commonwealth matching funding. While States are not obliged to pay levies, State-owned forest growers have committed to make levy equivalent payments for the current R&D and marketing forest grower levy component and may do so for the new RD&E forest grower levy component. The Commonwealth Government also matches these contributions when they are directed to RD&E.

To date, State forest grower entities have not contributed to the PHA biosecurity levy component, and it is assumed this would continue going forward given most States already contribute to some degree to the National forest biosecurity task.

Current and new levy component funds, State-owned grower levy equivalent contributions and Commonwealth matched funding for these have been modelled in Figure 5.

Figure 5: Historic and forecast forest grower levy revenue



Note 1: * The existing forest grower levy for R&D and marketing (net of collection fees) has been broken into two elements based on historic allocation of levy funds between RD&E and Marketing. Future allocations are assumed to reflect allocations in recent years.

Note 2: Forecast revenues assume 30 million m³ of log is harvested in Australia each year going forward. Producers of <20,000 m³ of log in a year do not pay the forest grower levy. States all continue to pay the R&D and marketing levy equivalent going forward but assumes only 50% by volume pay the new RD&E levy equivalent (actual figure not yet known).

Note 3: States currently do not pay the PHA biosecurity levy component and it is anticipated this will remain the case given most States currently undertake some level of forest biosecurity.

It is estimated, once fully in place at year three, the new RD&E levy component inclusive of State equivalent contributions will raise approximately about \$2.1 million per annum and the increased PHA biosecurity levy component will raise an additional \$900,000 per annum.

7.5 Voluntary RD&E contributions by AFPA forest grower members and Commonwealth voluntary matched funding

As outlined in section 4.6, the forests and wood products industry is the only rural industry subject to a voluntary matching cap. This has been set by Regulation at \$1.659 million per annum.

The forests and wood products industry has invested through the voluntary matching mechanism in recent years to the point where the voluntary matching cap has been reached each year. When combined with the

industry's levy contributions, matching funding from the Commonwealth falls well short of the forest and wood products 0.5% GVP limit.

Most forest grower members of AFPA have agreed to make additional contributions to the GCF going forward. The intent is to provide an equivalent level of funding to that raised by the new RD&E levy component. These funds, estimated at about \$2.0 to \$2.2 million per annum by year three, would be directed toward collaborative forestry RD&E projects. A further, non-matchable contribution from growers will be allocated to collaborative safety and operational improvement opportunities and initiatives for the forest industry.

It is anticipated that the GCF funds directed to RD&E would attract matching funding from the Commonwealth Government, but this requires the Commonwealth Government to remove the voluntary matching annual cap of \$1.659 million.

7.6 Summary of proposed funding of RD&E and Biosecurity through the Forest Grower levy, GCF and Commonwealth matching

It is expected that half of the approximately \$1.5 million per annum raised by the current forest grower levy will continue to be invested in RD&E, and by year three the new RD&E levy component and voluntary State grower equivalent contributions will each raise about another \$2.1 million per annum. Current and proposed levy funds combined with State grower contributions adds approximately \$5 million per annum. This means the Commonwealth levy matching funding by year three would also amount to about \$5 million per annum, fully funding the proposed five year RD&E program outlined in section 7.1. Enabling the industry's priority collaborative RD&E portfolio through the established levy and voluntary matching programs will provide the industry a much-needed boost to its research and innovation agenda and the means to help sustainably rebuild specialist forestry research capability.

Current biosecurity funding directed to PHA through the forest grower levy is approximately \$100,000 per annum, and this will increase to approximately \$1 million per annum with the increased levy. No matched funding is available or sought from the Commonwealth as these funds will be targeting operational level activities. It is anticipated that any proposed forest biosecurity RD&E projects will compete for RD&E funds along with other forestry RD&E projects.

Table 4 summarises what is anticipated to be the long-term forest industry RD&E funding streams.

Table 4: Summary of anticipated forest industry RD&E forest biosecurity funding by private forest growers and the Commonwealth Government

Funding purpose	Funding stream	Forest grower levy from Year 3 onwards (\$ million)*	Commonwealth Government matched (\$ million)	Total (\$ million)
RD&E	Current R&D and marketing Levy**	\$0.75	\$0.75	\$10.0
	New RD&E Levy & potential State grower contributions***	\$2.1	\$2.1	
	Growers Collaboration Fund (GCF)	\$2.1	\$2.1	
Forest Biosecurity	Current PHA biosecurity levy	\$0.1	nil	\$1.0
	Increased PHA biosecurity levy	\$0.9	nil	

Note 1 *Assumes an annual log production of 30 million m³.

Note 2 **Reflects the approximate recent annual historical investment of 50% of the forest grower levy in RD&E and includes State equivalent payments

Note 3 *** Assumes 50% of State volume paying R&D and marketing levy component also pays the new RD&E levy component

8.0 Levy Design

There are a number of elements to consider in regard to levy administration including; levy design (such as collection point, frequency and costs, commodity levied, levy units and levy rate), exemptions to the levy, and accountability for collections.

8.1 Levy collection point

The industry has an existing forest grower levy with collection arrangements in place that work efficiently and effectively.

The log processor is the narrowest point in the supply chain and is the most efficient means through which to collect the levies and pass them on to the department.

The log processor currently acts as the levy collection point for the forest grower levy because it is an essential element of the domestic supply chain. It is able to capture the greatest number of potential levy payers.

Some growers pay the levy directly to the Department of Agriculture, Water and the Environment (DAWE), and when the logs are exported growers often pay the levy direct since no local processor is involved.

During the consultation process forest growers did not propose an alternative collection method to the current arrangement, indicating their support. It is therefore proposed to continue using the current collection methods for both the new forest grower RD&E levy, and the increased PHA biosecurity levy

component. An additional advantage of this approach is that the administrative structure is already in place, and the proposed exemption threshold should see this process become more efficient through the greatly reduced number of levy payers. This will enable industry to maximise returns with minimal effort required to comply and minimal cost for departmental audit and compliance activities.

8.2 Leviable commodity and levy unit

The forest grower levy is currently collected based on the number of cubic metres of logs harvested. This is the generally accepted and principal measurement used in the sale of log products, and is seen by growers as the most equitable and simplest way to apply a levy. It is also the measurement used for the forestry industries products levy. Growers did not raise any significant issues or identify unintended consequences with either the use of harvested logs as the leviable commodity, or with cubic metres as the unit of measurement.

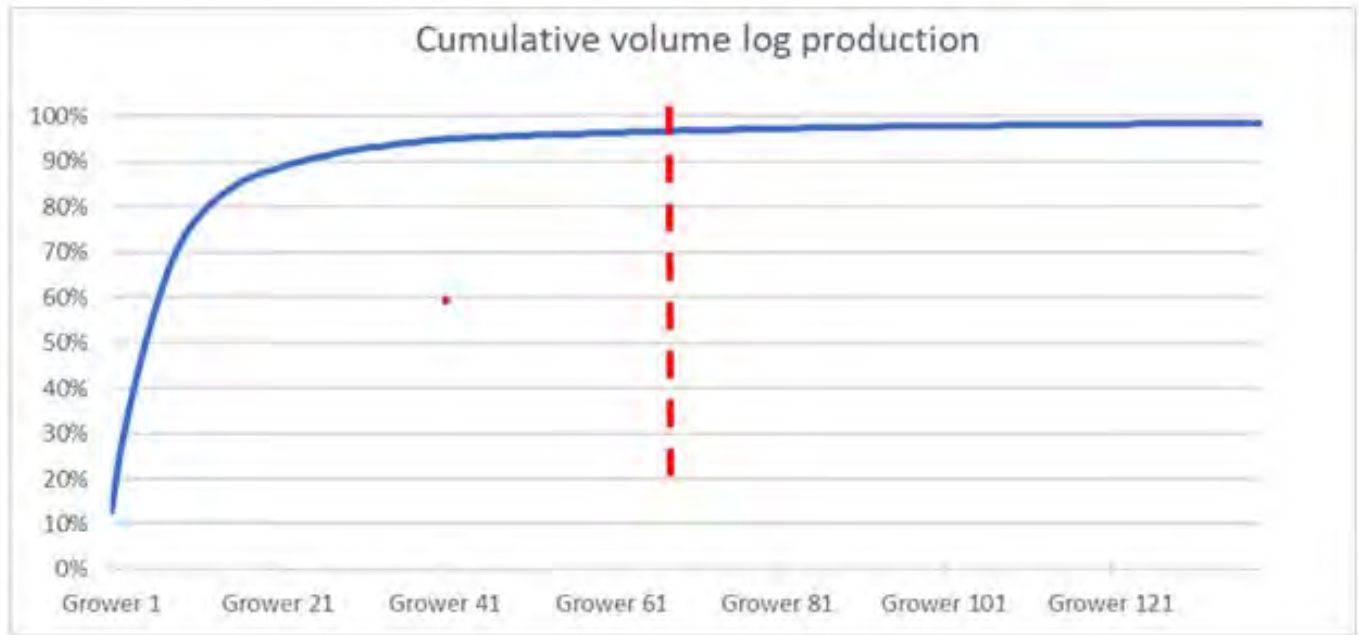
On this basis, it is proposed that cubic metres of logs harvested is also used for the for the new forest grower RD&E levy component and the increased PHA biosecurity levy component.

An additional exemption is proposed for the forest grower levy. A new annual exemption threshold level of 20,000 m³ be implemented to protect small growers that produce less this figure annually. This will simplify the levy collection process and reduce the administrative task of collection and compliance.

A review of 2018-19 levy collection data shows the forest grower levy comprises a very long tail of low volume and one-crop log producers. In that financial year, 688 growers contributed to the total levy collected, however 546 (79 per cent) paid less than \$100; 271 (39 per cent) paid less than \$10; and 39 (6 per cent) paid less than \$1. Furthermore, in 2017-18 and 2018-19, only 20 per cent of growers paid the levy in both years.

Figure 6 shows the 2018-19 cumulative log volume harvested by private forest growers for which the levy was paid. The data highlights that 96 per cent of the private log volume harvested was generated by the largest growers, which was around 60 of the 688 levy payers. In 2018-19, the average cost of levy collection was \$60 to \$70 per levy payer annually. As the proposed exemption will mean that the large number of one-crop growers and periodic producers will not be levied, collection costs should be reduced and efficiencies realised.

Figure 6: Cumulative levied log volume by grower for 2018-19



Source: Forest and Wood Products Australia

Additionally, it is noted that forestry is not the principal enterprise of most small growers, and the long-term nature of forest growing is such that most small and one-crop growers cannot immediately or readily share in many of the benefits of forest RD&E and forest biosecurity. The establishment of this proposed threshold improves equity while still achieving 96 per cent of potential forest grower levy revenues.

8.3 Levy Rates

A new RD&E levy component and an increase to the PHA biosecurity levy component to the forest grower levy are proposed, with incremental increases to the RD&E levy component to be implemented over three years. Together with other funding sources in place or planned, the forest grower levy will fund both the increased forestry RD&E and forest biosecurity programs outlined in sections 7.1 and 7.2, on the assumption that approximately 30 million m³ of logs will be harvested each year across Australia, around 21 million m³ of which will be subject to the forest grower levy¹⁴.

The new RD&E levy component would commence at \$0.035 per m³ in the first year, rising in the second year to \$0.06 per m³, then to \$0.085 per m³ in the third and subsequent years. It is proposed the new RD&E levy component would apply to private grower plantation logs, and to other logs (from native forests) either used for domestic purposes or exported.

The PHA biosecurity levy component is proposed to increase from \$0.005 per m³ to \$0.05 per m³. The increased biosecurity levy component would continue only to apply to private grower plantation logs.

¹⁴ Excludes logs from State-owned forests and exempt producers.

Table 5 sets out the existing and proposed new or increased forest grower levy rates.

Table 5: Existing and proposed new or increased levy rate components for the Forest Grower Levy

	R&D and marketing component (all private logs)	PHA biosecurity component (private plantation logs only)	New RD&E (applied to private logs)	Total levy rate
Current Levy	\$0.05	\$0.005	N/A	\$0.055
Year 1	\$0.05	\$0.005	\$0.035	\$0.135
Year 2	\$0.05	\$0.005	\$0.060	\$0.160
Year 3 and onwards	\$0.05	\$0.005	\$0.085	\$0.185

The rates, combined with similar industry voluntary contributions and Commonwealth matching funding, are considered adequate to fund the priority five-year RD&E portfolio, forest biosecurity surveillance program and subsequent equivalent rolling programs into the future. Whether these rates will be sufficient to sustain RD&E and forest biosecurity in the longer term will be impacted by changes in future log production levels, future RD&E and biosecurity ambitions and needs, and inflation. Ultimately, timely reviews of the levy will help ensure adequate funding levels are maintained.

The combination of the existing and new forest grower levy components represents a small percentage of the returns a grower receives when they sell harvested logs. The relatively low levy rate (compared to the sale price of logs) in combination with the new exemption threshold will make the forest grower levy affordable for all affected growers.

Growers have not sought to increase the existing R&D and marketing component of the forest growers levy as, at present, it is sufficient for promotion of the wider forestry industries.

8.4 Levy return frequency

Currently, forest grower levies are collected on a quarterly basis and payable up to 28 days in arrears, with provision for an annual financial year payment to be made prior to 28 August in the subsequent year by approval of the Secretary of DAWE. These arrangements have operated since the inception of the forest grower levy and also operate for the forestry industries products levy. They are considered to be efficient and effective and are widely accepted by the forestry and wood products industry, where log harvesting and processing occurs year-round. Again, for ease of administration, the same arrangements are proposed to operate for the new RD&E levy component and for the increased PHA biosecurity levy component.

8.5 Levy Accountability

For the new forest grower RD&E levy component where funds will be managed by the FWPA, the same accountability mechanisms are proposed as exist for the current forest grower RD&E/Marketing levy. Given the forest grower PHA biosecurity levy component already exists, no changes to the current accountability arrangements are proposed.

Both the FWPA and PHA operate under a constitution, have a Board of Directors, and are audited annually. In particular, the FWPA operates under a Statutory Funding Contract 2017-21 entered into with DAWE, while PHA operates in accordance with the PHA (Plant Industry) Funding Act 2002.

9.0 Consultation with industry on the proposed new and increased levy components

After completing the design process for the proposed new and increased levy components, AFPA undertook an extensive communication strategy to ensure all potential forest growers were aware of the proposals and could participate in the voting process if they chose to.

The long growing timeframe in addition to the fact that most smaller growers commonly engage in forestry as a once off enterprise amongst others, can result in growers not being aware of a levy obligation. It can take a tree anywhere from 10 up to 80 years, depending on the type, before it is harvested and a levy is paid.

To ensure engagement with as many forest grower levy payers as possible AFPA sought to communicate the message widely, utilising rural media (print and online), industry newsletters and magazines, Facebook and LinkedIn. AFPA also engaged with key industry associations such as FWPA who notified all recent levy payers of proposed levy changes.

Since the forest grower levy already exists and all contributors in recent years are known, the ability to consult with growers across Australia is simplified when compared to establishing a new levy. The campaign aimed to inform and consult with forest growers and the Commonwealth government on:

- the creation of a new RD&E levy of \$0.085 per m³, to be phased in over three years;
- increasing the existing PHA biosecurity levy by \$0.045/m³ to \$0.05/m³; and
- the introduction of a levy exemption threshold for growers that produce less than 20,000 m³ in a year.

AFPA informed growers of the proposed changes, RD&E and forest biosecurity projects that could be undertaken, the associated benefits increased funding could deliver for the industry and broader community, and how growers could have their say on the proposal.

9.1 Initial industry consultation

As previously discussed in the Background section (section 1.0), efforts to increase the levy have been underway for a number of years.

In 2010, FWPA released a strategy that noted "*there is widespread concern within the sector that RD&E capacity is in a perilous state.*"¹⁵ In 2014, Australia's large commercial forest growers created an entity named Forest Research Australia to focus on increasing funding for RD&E. The entity was merged in 2017

¹⁵ FWPA (2010) - RD&E strategy for the forest and wood products sector (p.33), developed under the national primary industries research, development and extension framework.
https://www.fwpa.com.au/images/corporatedocuments/National_FWPA_RDE%20strategy.pdf

with FWPA to create the Growers Research Advisory Committee (GRAC). The committee membership of GRAC consists of 29 of the largest forest grower levy payers in the country and the peak representative body of some 700 small-to-medium growers, the IFA-AFG. The combination of both the GRAC and AFPA Growers Chamber became key initial forums to consult widely with growers. This was further realised through the GRAC led development of eight costed RD&E investment plans (see section 7.1).

Some of the key drivers amongst AFPA grower members for increased forest biosecurity measures were the Forest Health and Biosecurity sub-committee (FH&B) of the AFPA Growers Chamber, the 2017 publication of the National Forest Biosecurity Strategy and the GPS outbreak in Victoria. In 2017 the Commonwealth Government provided some initial seed funding which was match by growers to employ an NFBC through the PHA and establish the NFBSC to oversee the role. The NFBC drafted the proposed National Forest Pest Surveillance Program which was presented to forest growers and State and Commonwealth Government agencies at a national forum in 2019 for their consideration and input. Following that meeting, a sub-group of AFPA forest growers formulated a PHA biosecurity working group to develop the concept of an increased PHA biosecurity levy.

The PHA biosecurity working group and GRAC came together to develop a joint proposal and recommendations to put to the AFPA Growers Chamber.

In June 2020, the AFPA Growers Chamber considered recommendations to create a new RD&E forest grower levy component, to increase the biosecurity forest grower levy component, and to seek the removal of the \$1.659 million annual voluntary cap. Participants at this meeting included 21 State and industry grower members. Private growers unanimously endorsed the recommendations, as well as further voluntary contributions, while State grower members abstained. Other supported recommendations were for a review of the levies in the third year and stronger governance arrangements for GRAC. The AFPA Board subsequently endorsed the recommendations and agreed to support growers as it sought to achieve the increase.

The support of large growers resulted in the creation of a Levy Working Group with representation from the GRAC Executive Committee, AFPA, FWPA management and PHA. This group was tasked with developing the engagement strategy. Following analysis of historic levy contributions, the Levy Working Group consulted with GRAC and AFPA Grower Chamber members and resolved to also pursue an exemption threshold of 20,000m³ per year as part of the ballot process.

9.2 Wider forest grower consultation

From September to November 2020 extensive consultation was undertaken in a range of different formats to inform potential levy payers about the proposed new RD&E levy component, the increased PHA biosecurity levy components and the exemption threshold.

AFPA

On 29 September 2020 a forest growers levy webpage was created that summarised the proposals with the reasoning behind each of the proposed levies. It included a Q&A section, detailed the consultation process, provided contact details to register for more information, and advised that a vote would be held. The webpage received 394 hits with 269 of those being new users. A specific forest growers levy email address was created to provide growers with a central point of contact. A contact telephone number was also made available.

On 6 October 2020 AFPA issued a media release to more than 1,150 newspapers and journalists across Australia, advising that it was seeking to increase the forest grower levy and directing interested parties to the website, email or phone number to register for the consultation and voting process. AFPA also issued a targeted email to its member base, and obtained from DAWE the email addresses of the 157 levy agents that regularly pay the forest growers levy, before emailing them and encouraging them to pass the information onto growers. Subsequent to this, and up to the commencement of the voting period, the thrice-weekly AFPA eNews bulletin called on its 300 readers to register for the consultation and voting process. AFPA also posted notices on its Facebook and LinkedIn pages to inform followers, and invited them to seek more information on the forest grower levy proposals. Appendix 5 contains copies of the website, emails, Facebook post, LinkedIn post, media release and regular eNews reminder.

The impacts of COVID-19 and border restrictions meant that AFPA was not able to organise face-to-face meetings with growers and other interested parties, or appearances at events. Instead, when forest growers registered for the levy ballot they were offered the option of further contact with AFPA via email, video or telephone conference, one-on-one interview, or letter.

By the time the registration period closed, 78 growers had registered. On 10 November 2020, AFPA emailed all registrants with an information brochure, and an invitation to provide feedback on the proposal by 25 November 2020 (Appendix 6). The majority of registrants requested an email or Teams/Zoom/telephone conference as their preferred method of further consultation. Those who requested such a meeting were emailed on 10 November 2020 (Appendix 6) and offered 23, 24 and 25 November 2020 as potential dates for this engagement to take place. A follow-up email was sent to registrants on 19 November 2020, reminding them to respond with any feedback and to advise on their preferred method of voting (email or post). In addition, all registrants were followed up through direct phone calls to ensure they had received their emails, and as a result of these phone calls and clarifications no registrants ultimately sought to proceed with a formal Teams/Zoom/telephone conference.

Feedback on the proposal

During the consultation period AFPA had a smaller amount of feedback from potential levy payers. AFPA heard from someone who suggested a levy be placed on those who do not plan on cutting down trees but are planting for environmental purposes and the potential carbon credits could be levied. The levy is intended only for logs harvested not environmental plantings. It would also be very difficult to implement if we added environmental plantings.

A forest manager contacted AFPA and informed that they think their small growers have no idea they pay a levy and so would find it difficult to pay it themselves. The intention of the exemption point is to remove those very small growers that are unaware of the levy and are only paying it once in 30 years rather than annually.

A forest grower wanted to know why the proposed levy was not being applied to state growers. The Australian Constitution prohibits the Federal Government from taxing State Governments therefore they cannot pay the levy. State Agencies have however financial arrangements where they give equivalent levy money directly to FWPA.

A number of forest growers in Western Australia felt the proposed RD&E program is too East-Coast-Australia centric. There is still scope for additional projects to be added to the scope and all forest growers are encouraged to nominate projects for funding.

IFA-AFG

During the last few years the Australian Forest Growers amalgamated with the Institute of Foresters of Australia to form IFA-AFG, representing both small forest growers and forest professionals. The IFA-AFG is an active member of the AFPA Growers Chamber and GRAC, and have participated and provided feedback as the proposal was developed.

In August 2020, IFA-AFG caucused the views of some smaller forest grower members to help inform the development of the proposed changes. Members were those most likely to be current levy payers or forestry consultants who were likely to interact with many smaller regional growers. This feedback helped create an information booklet which was subsequently circulated by email to over 900 members of the IFA-AFG (see Appendix 7 for the email and Appendix 5 for the Booklet) and via eNews letters on 7 October, 9 and 23 October and 6 November 2020 (Appendix 7) and posted a link to advertisement that ran in The Land on its Facebook page. The enewsletters included references to the proposals and asked growers to participate in the consultation process and register for the voting process.

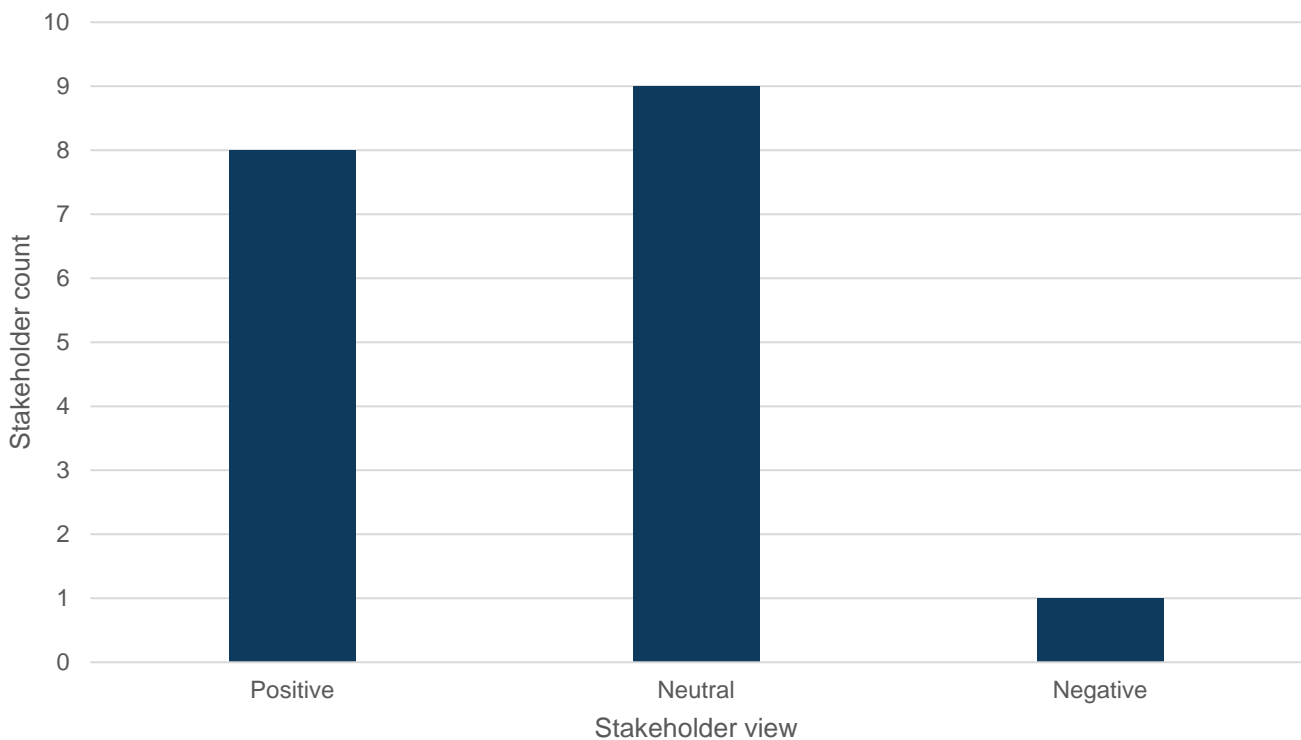
FWPA

In FWPA's 2019-20 Annual Report it mentioned AFPA's proposal and sent a specific letter to more than 1,000 levy payers from the 2017-18 and 2018-19 financial years. The letter detailed AFPA's intentions to secure Government and levy payer. Levy payers were provided with the AFPA forest grower website, a specific levy email address and contact number to allow them to contact AFPA for more information. In its online newsletters in October, FWPA invited growers to "Have your Say" and provided a link to AFPA's website. The Annual report, letter to growers, and newsletters are available at Appendix 8. The letter of support is at appendix 11.

Medium-size grower outreach

AFPA was aware it needed assistance to engage directly with known medium and large growers who are not members of AFPA. Greenwood Strategy, a forestry consultant, was engaged in October 2020 to directly engage with a potential pool of 35 growers, with contact details sourced for 23, and contact made with 18. The results of the consultation are set out in the Greenwood Strategy report attached (Appendix 9). Figure 7 below summarises the feedback collected during this consultation.

Figure 7: Levy payer views of proposed levy increase



The report concludes that, "In broad terms there is a neutral to slightly positive view expressed with regard to the proposed increase in the forest grower levy, with only one stakeholder strongly opposed." One grower expressed a strong view that more RD&E was needed. The neutral views appear largely from growers who, while aware they paid the levy, were unsure what it funds. A smaller number of respondents considered that research was the responsibility of State Governments. Following this initial telephone outreach, these growers were provided with some general information, after which a significant number of growers did not respond to further efforts to follow up.

PHA

PHA has been engaged for several years with AFPA forest growers through the NFBC, with a view to increasing biosecurity funding. With the establishment of the Levy Working Group, PHA had a direct line of communication with AFPA forest growers to support the development and progression of the proposals. PHA has provided a letter of support at Appendix 10.

9.3 Other industry promotion

Timber Queensland published a short article on the proposal and a link to the full version and the media release in its 13 October bulletin. NSW-based Jamax Forest Solutions posted the link to the proposal on its Facebook page.

Details of the proposal were also published widely, targeting current and potential forest grower levy payers in the broader forestry and agricultural communities. Publications included:

- WoodWeek (Aust. and NZ) – 7 October
- Timb@rbiz – 7 October

- Timber and Forestry e-News – 8 October
- NT Farmers Association Weekly e-News – 8 October
- Friday Offcuts (Aust. and NZ) – 9 October
- Private Forests Tasmania Bulletin – 30 October

A version of the media release ran as an advertisement on 15 October 2020 in the print edition of *The Land* and subsequently appeared during the following month in the online publications of:

- The Land (NSW)
- Farm Weekly (WA)
- Stock & Land (Vic)
- The Examiner (Tas)

Links to the *Farm Weekly*, *Stock & Land* and *The Land* articles were variously posted on either Facebook or LinkedIn by a number of State-based organisations including the WA Forest Communities Network; the Green Triangle Forest Industries Hub; the Tasmanian Forests and Forest Products Network; the IFA-AFG; Timber NSW, and the Forest Industries Federation of WA.

Appendix 12 includes copies of the articles mentioned above.

9.4 Government consultation

On 4 August 2020 Ross Hampton, AFPA CEO wrote to both the Minister for Agriculture and the Assistant Minister for Forestry and Fisheries, informing them of the AFPA Grower Chamber's desire to increase the forest grower levy rates and remove the voluntary matching cap. The letter was also sent on 25 August 2020 to the Secretary, DAWE, and Assistant Secretary, Agvet Chemicals Branch, Agvet Chemicals, Fisheries and Forestry Department of Agriculture. See Appendix 13 for the letters.

A series of other contacts and meetings have occurred between AFPA and DAWE, and the both the Minister for Agriculture and Assistant Minister for Forestry and Fisheries office. This has helped to facilitate consultation and progress the proposals. AFPA, along with some key members of the Levy Working Group, also met with the Assistant Minister for Forestry and Fisheries. These contacts and meeting are summarised in Table 6.

Table 6: Summary of AFPA and DAWE/Ministers office contacts in regard to the forest grower levy proposals

Date	AFPA with	Discussion Items
30/7/20	DAWE	Initial discussion of options for funding research for forest growers
25/8/20	DAWE	Presentation of initial proposals for the new levies and exemption point
27/8/20	DAWE	Follow-up on initial proposal
31/8/20	DAWE	Follow-up on initial proposal
7/9/20	DAWE	Request to DAWE to obtain grower contact database
11/9/20	DAWE	Follow-up on access to contact database
22/9/20	DAWE	Follow-up on access to contact database
1/10/20	DAWE	Discussion on early draft and content of business case
1/10/20	DAWE	Request for processor dataset and exemption point information
28/10/20	Min. Littleproud office	General discussion on proposal with the Senior Adviser for forestry
4/11/20	DAWE	Draft business case shared with DAWE for feedback
4/11/20	Min. Littleproud office	Update on progress with proposal with the Senior Adviser for forestry
13/11/20	DAWE	Follow-up on draft business case seeking feedback
23/11/20	DAWE	Draft ballot shared with DAWE for feedback
25/11/20	DAWE	Feedback received from DAWE on draft ballot
25/11/20	Min. Duniam	AFPA met with the Minister to discuss the proposal
1/12/20	DAWE	Follow-up on draft business case seeking feedback
4/12/20	Min. Littleproud office	Update on progress with proposal with the Senior Adviser for forestry
4/2/21	DAWE	Follow up on estimated levy collection costs
5/2/21	Min. Littleproud office	Update on progress with proposal and outcome from ballot with the Senior Adviser for forestry
11/2/21	Min. Duniam office	Discussion with new adviser, Ben Mitchell for forestry on the levy
19/2/21	DAWE	Discussion re the collection mechanism for the levy
23/2/21	DAWE	General chat about progress
26/3/21	DAWE	AFPA Submitted draft proposal to DAWE
6/4/21	DAWE	AFPA seeking feedback on timeline for draft proposal
17/5/21	DAWE	AFPA seeking feedback on draft proposal
27/5/21	DAWE	AFPA seeking feedback on draft proposal
1/6/21	DAWE	AFPA seeking feedback on draft proposal
11/7/21	DAWE	AFPA draft proposal was provided feedback

10.0 Demonstrate industry support

The Levy Working Group decided the fairest way to widely measure industry support was to offer all actual and potential forest grower levy payers the opportunity to vote on the proposed changes via a ballot process.

The ballot process, outcomes and feedback from growers on their support or opposition for the proposed changes to the forest grower levy are outlined below.

10.1 The ballot questions

The ballot questions were compiled by the Levy Working Group in November 2020 and were reviewed by the GRAC Executive, FWPA and PHA before being further reviewed by DAWE.

The ballot contained questions relating to:

- the new \$0.85 per m³ for RD&E component to be introduced incrementally over three years
- increasing the PHA biosecurity forest grower levy component by \$0.45 m³
- the proposed 20,000 m³ exemption threshold

The ballot also included a request for respondents to provide details of native forest and plantation areas under their management, actual or planned harvest volumes for the three financial years commencing 2018-19, and an indication of future harvest volumes if the voter had not yet harvested logs. For respondents voting 'no' to any of the three ballot questions, feedback on their reasons was also requested. The postal and online versions of the ballot are provided in Appendix 14.

10.2 How to measure support – the ballot process

An independent Returning Officer was appointed (Diane Fullelove of Diane Fullelove & Associates Pty Ltd) to conduct, monitor and report on the ballot. AFPA provided a set of guidelines for the Returning Officer to follow (Appendix 15).

The Returning Officer used the content of the ballot paper to create a SurveyMonkey poll to enable online voting for registrants.

A voting summary spreadsheet for cross referencing purposes was sent to the Returning Officer with details of all those who registered to vote.

On 30 November 2020, AFPA emailed the 78 forest grower registrants a link to the on SurveyMonkey poll and attachments including a cover letter from AFPA, an information booklet and a short Q+A (see Appendix 13). Six registrants requested to vote by post and a ballot was mailed to them by Express Post on 27 November 2020, containing a second Express Post envelope for responses, addressed to the Returning Officer (see Appendix 13).

The ballot was conducted over the period commencing 30 November 2020 until midnight on 21 December 2020. Multiple email reminders to vote were sent by AFPA to all registrants during the voting period. The Returning Officer monitored, validated and compiled voting outcomes and voter comments in the summary spreadsheet and the final validated summary of votes was received by AFPA on 28 January 2021 (Appendix 15).

10.3 Confidentiality

The DAWE Levy Guidelines state '*Levy payers must be confident that when they express their opinion, it will be represented accurately. For example, postal ballot forms should be handled by an independent party with no interest in the outcome and no motivation to influence the results.*'

A Statutory Declaration was received from the Returning Officer to confirm the ballot was conducted in accordance with the Guidelines (Appendix 16).

10.4 Voting Outcomes

There were 78 registrants for the ballot, with 57 votes cast, and the Returning Officer validating 51 votes.

- 52 votes were cast through the online ballot and five votes were received by post.
- All votes were cast prior to the closing date and no late votes were cast (see Figure 8 overleaf).
- All votes were scrutinised by the Returning Officer to ensure they were valid and that no registrant voted more than once. Only one vote was permitted per ABN.
- Six votes were excluded by the Returning Officer on the basis that insufficient or incorrect information was supplied to validate their vote.
- The final tally of validated votes amounted to 51.

A summary of the ballot questions and vote outcomes is provided in Table 7.

Table 7: Ballot questions and Vote outcomes by grower

Ballot Question	Response	Valid Votes
1 - Do you agree to increasing the Plant Health Australia (biosecurity) component of the forest grower levy from \$0.005 per m ³ harvested to \$0.05 per m ³ ?	Yes	46
	No	5
	Total	51
2 - Do you agree to a new research, development & extension (RD&E) component of the forest growers levy of \$0.085 per m ³ phased in over three years? The phased implementation will be \$0.035 per m ³ in Year 1; \$0.06 per m ³ in Year 2; and \$0.085 per m ³ from Year 3 onwards?	Yes	46
	No	5
	Total	51
3 - Do you agree to the adoption of a minimum annual harvest threshold of 20,000 m ³ for the forest growers levy as part of these levy changes, such that where a forest grower harvests less than 20,000 m ³ in any fiscal year they will be exempt for that year?	Yes	46
	No	5
	Total	51

In addition to the three questions voters were asked to provide information on area of plantation owned/managed and volume harvested for a three-year period, the results of which are detailed in Table 8. For all three questions 90 per cent of the votes supported each question in the affirmative. The vote based on volume production was overwhelmingly in support, at close to 100%. The average volume harvested annually is 30 million m³ and from the responses to the ballot an average of 21 million m³ supported the increase. When you consider the volume produced by state agencies (who were ineligible to vote) is some 7 million m³, this shows the very strong support for the proposed changes.

Table 8: Vote outcomes by production volume

Ballot Question	Response	Approx. area of commercial plantations owned/managed		Approx. area of commercial native forest owned/managed		Volume harvested (to nearest 100 m³) 2018-19		Volume harvested (to nearest 100 m³) 2019-20		Volume harvested (to nearest 100 m³) 2020-21	
		ha	%	ha	%	m³	%	m³	%	m³	%
1	Yes	1,046,568	78.6	157,320	99.7	23,885,665	97.9	22,944,784	98.7	17,800,288	98.3
	No	284,700	21.4	400	0.3	506,000	2.1	308,000	1.3	300,220	1.7
	Total	1,331,268	100	157,720	100	24,391,665	100	23,252,784	100	18,100,508	100
2	Yes	1,319,068	99.1	157,320	99.7	23,314,365	95.6	22,545,984	97.0	17,726,208	97.9
	No	12,200	0.9	400	0.3	1,077,300	4.4	706,800	3.0	374,300	2.1
	Total	1,331,268	100	157,720	100	24,391,665	100	23,252,784	100	18,100,508	100
3	Yes	1,329,078	99.8	156,870	99.5	24,390,645	100	23,252,704	100	18,095,308	100
	No	2,190	0.2	850	0.5	1,020	-	80	-	5,200	-
	Total	1,331,268	100	157,720	100	24,391,665	100	23,252,784	100	18,100,508	100

10.5 Reasons for support of the proposed new and increased forest grower levy components and to the 20,000 m3 exemption threshold

In addition to the ballot responses there were four letters of support received, and examples of this feedback are included below:

- "The proposal is critical for sustaining forests & plantations across Australia and supporting our downstream manufacturing & processing sectors." - Ian Telfer, WAPRES (WA)
- "We at SFM believe research and biosecurity, the two beneficiaries of this proposed levy, are critically important to protecting and securing the future of the forest industry. The industry, as a commodity, must prepare for climate change while also lifting productivity to meet the demands of an ever increasingly green economy." - Mike Lawson, SFM Asset Management (SA)
- "The proposed increase in the sector's commitment to research, development and extension (RD&E) and biosecurity, will complement our existing business investment in these areas and support growth in the value of the industry via improved productivity, cost reduction and risk mitigation innovation." - David West, HQPlantations (QLD)
- "Forico's support for the proposed increase to the RD&E levy is greater than the company's desire to address internal research needs, it is an acknowledgment of the need to rebuild lost capability and establish a cohort of suitably trained future research personnel that can work with industry for industry. Forico are highly supportive of the proposal and would highlight the importance and industry need for an increased industry levy." - Andrew Jacobs, Forico (TAS)

In its interviews with medium-sized growers Greenwood Strategy, it was noted that support was mostly neutral to positive (see Figure 7), while one grower simply, “expressed strong support for any increase in research.” A number of interviewees queried why Governments are not doing more in RD&E without clearly indicating support (or otherwise) for the forest grower levy proposals.

During consultation, responses to AFPA by grower registrants were predominantly strongly supportive about the general nature of the programs proposed for funding.

10.6 Reasons for opposition to the proposed new and increased forest grower levy components, and to the 20,000 m³ exemption threshold

Throughout the ballot process, only five voters commented on why they did not support one or more of the voter questions. One large forest grower expressed the view, **“the research topics proposed are not directly beneficial to our company, we don’t agree to increasing a levy for costs of an activity that may be more East Coast of Australia specific”**. The response to this comment is that while RD&E project areas have been proposed for the first five-year period, they have not been finalised and opportunities still exist for all growers to influence the final suite of RD&E projects. For forest biosecurity, there must be a national approach if there is to be success over the long term.

The four other comments made on the ballot paper related to the exemption threshold level of 20,000 m³. All considered **the exemption threshold level to be too high**, three suggested smaller growers should contribute, and one commented that the threshold will not simplify administration of the levy collection process. AFPA anticipates that the levy administration and audit process will be simplified with fewer payees and based upon the 2018-19 log production levels of levy payers, the proposed exemption threshold of 20,000 m³ still captures 96 per cent of the potential levy revenue (Figure 3). For the very small growers the administration costs may even exceed the levy amount collected.

11.0 Levy Review

Forest growers have considered the need for a review of both the new RD&E forest grower and increased PHA biosecurity forest grower levy components. While no review date is currently being considered for the latter, a review of the performance of the new RD&E component is planned to be conducted by AFPA in the third year of its operation. Reviews will take place periodically thereafter, with a view to considering the success of the increased RD&E program and whether further change to the RD&E forest grower levy component is needed in year five.

12.0 Recommendations

Four recommendations are made through this submission. All recommendations have arisen following a lengthy period of discussion and analysis within the forest growing industry.

Three recommendations pertaining to the forest grower levy have been through a broad engagement process across the wider forest grower community in Australia, culminating in a ballot process that overwhelmingly supported the proposals.

The three forest grower levy recommendations are as follows:

- Establish a new RD&E forest grower levy component of \$0.085 per m³ to be phased in over three years. The phased implementation will be \$0.035 per m³ in Year 1; \$0.06 per m³ in Year 2; and \$0.085 per m³ from Year 3 onwards and apply to 'plantation logs – exotic softwood (Pinus species)', 'plantation logs – others' and 'other logs'.
- Increase the PHA biosecurity forest grower levy component of \$0.05 per m³ to apply to 'plantation logs – exotic softwood (Pinus species)' and 'plantation logs – others'.
- Establish a minimum annual harvest threshold of 20,000 m³ for the forest growers levy, such that where a forest grower harvests less than 20,000 m³ of 'plantation logs – exotic softwood (Pinus species)', 'plantation logs – others' and 'other logs' in any fiscal year they will be exempt for that year. An exemption at this level will capture 96% of private forest log production and simplify the administration of the levy collection and audit process.

The fourth recommendation relates to the removal of the voluntary matching cap of \$1.659 million set by Commonwealth Government Regulation. The forest and wood products industry is the only rural industry subject to such a cap.

- Remove the voluntary matching cap allowing the forest and wood products industry to invest additional RD&E funds and have these eligible for matching funding from the Commonwealth (see section 4.6).

Appendix 1: Twelve principles to establish or amend agricultural levies

The Commonwealth Government Levy Guidelines: How to establish or amend agricultural levies (2020) principles are as follows

1. The proposed levy must relate to a function for which there is a market failure.
2. A request for a levy must be supported by industry bodies representing, wherever possible, all existing and/or potential levy payers, the relevant levy beneficiaries and other interested parties. The initiator shall demonstrate that all reasonable attempts have been made to inform all relevant parties of the proposal and that they have had the opportunity to comment on the proposed levy. A levy may be initiated by the government, in the public interest, in consultation with the industries involved.
3. The initiator of a levy proposal shall provide an assessment of the extent, the nature and source of any opposition to the levy and shall provide an analysis of the opposing argument and reasons why the levy should be imposed despite the argument raised against the levy.
4. The initiator is responsible to provide, as follows:
 - a) an estimate of the amount of levy to be raised to fulfil its proposed function
 - b) a clear plan of how the levy will be utilised, including an assessment of how the plan will benefit the levy payers in an equitable manner
 - c) demonstrated acceptance of the plan by levy payers in a manner consistent with levy principle 2.
5. The initiator must be able to demonstrate that there is agreement by a majority on the levy imposition/collection mechanism or that, despite objections, the proposed mechanism is equitable under the circumstances.
6. The levy imposition must be equitable between levy payers.
7. The imposition of the levy must be related to the inputs, outputs or units of value of production of the industry or some other equitable arrangements linked to the function causing the market failure.
8. Levy guidelines: How to establish or amend agricultural levies Department of Agriculture, Water and the Environment Levy principles
8. The levy collection system must be efficient and practical. It must impose the lowest possible 'red tape' impact on business and must satisfy transparency and accountability requirements.
9. Unless new structures are proposed, the organisation/s that will manage expenditure of levy monies must be consulted prior to introduction of the levy.
10. The body managing expenditure of levy monies must be accountable to levy payers and to the Commonwealth.
11. After a specified time period, levies must be reviewed against these principles in the manner determined by the government and the industry when the levy was first imposed. Amendments to existing levies.
12. The proposed change must be supported by industry bodies or by levy payers or by the government in the public interest. The initiator of the change must establish the case for change and where an increase is involved, must estimate the additional amount which would be raised. The initiator must indicate how the increase would be spent and must demonstrate the benefit of this expenditure for levy payers.

Appendix 2: Snapshot of current National and State biosecurity efforts and limitations

In 2019 the NFBC compiled a brief (and indicative) snapshot of current forest biosecurity efforts and limitations nationally and by State as follows

Scope	Asset being protected ¹	Current forest health & biosecurity snapshot
AUST	<ul style="list-style-type: none"> • 132 million hectares of native forest (5 million hectares harvestable) • 2 million hectares of plantations • 30 million m³ log harvest volume • \$2.3 billion log harvest value • \$24 billion in turnover • 52,000 direct jobs 	<ul style="list-style-type: none"> • Continuous increasing rate of introduction of exotic forest pests • Australia's success rate in eradicating exotic pests is 1/2 the international rate • Pest introductions resulting in ongoing management costs. • Unmanaged exposure to risks for social licence, economy/investors and certification • Broad 5-year State of the Forests report • No annual national forest health or biosecurity reporting • Contract-based post-border forest pest biosecurity surveillance undertaken only in some States • Uneven and limited forest health and biosecurity capacity nationally • None or limited capacity or capability for surveillance in high-risk urban, peri-urban areas
WA	<ul style="list-style-type: none"> • 20.4 million hectares of native forest (0.85 million hectares harvestable) • 383 thousand hectares of plantations • \$350 million log harvest value • 3,700 direct jobs 	<ul style="list-style-type: none"> • 3 FTE forest health, no forest biosecurity • Pest specific surveillance and ad-hoc reporting • Native forest biodiversity plot monitoring • Softwood plantations and timber industry dealing with ongoing containment of European House Borer • Hardwood plantations ongoing management costs of inter-State eucalypt weevil introduction. • High-impacts of <i>Phytophthora cinnamomi</i> introduction in native forest • Native forest at risk from inter-State Myrtle rust introduction and unique strain emerging in South Africa
SA	<ul style="list-style-type: none"> • 4.8 million hectares of native forest • 178 thousand hectares of plantations • \$321 million log harvest value • 5,200 direct jobs 	<ul style="list-style-type: none"> • ½ FTE forest health R&D funded (i.e. not operational), no forest biosecurity, • Emerging hardwood forest health surveillance program • Softwood Plantations <ul style="list-style-type: none"> ◦ Some forest health surveillance ◦ management costs of Sirex wood wasp

Scope	Asset being protected ¹	Current forest health & biosecurity snapshot
VIC	<ul style="list-style-type: none"> • 7.6 million hectares of native forest (0.83 million hectares harvestable) • 415 thousand hectares of plantations • \$599 million log harvest value • 15,100 direct jobs 	<ul style="list-style-type: none"> • Established hardwood and softwood plantation forest health surveillance and monitoring. • Native forest biodiversity plot monitoring • Annual forest health reporting to contracting party • High risk sites identified for some exotic forest pests • Contract-based high risk site surveillance undertaken for some forest pests • 2 FTE forest health and biosecurity experts. • Native forest health monitoring program • Myrtle rust high risk site surveillance • Softwood Plantations: <ul style="list-style-type: none"> ◦ management costs of Sirex wood wasp ◦ management costs of <i>Dothistroma</i> ◦ Management and R&D costs of Giant Pine Scale containment/ eradication effort
ACT	<ul style="list-style-type: none"> • 0.13 million hectares of native forest • 7 thousand hectares of plantations • 400 direct jobs 	<ul style="list-style-type: none"> • No forest health and biosecurity expertise • Softwood Plantations ongoing management costs of Sirex wood wasp • Native forests face risk from Myrtle rust
TAS	<ul style="list-style-type: none"> • 3.3 million hectares of native forest (0.38 million hectares harvestable) • 311 thousand hectares of plantations • \$323 million log harvest value • 2400 direct jobs 	<ul style="list-style-type: none"> • 1.5 FTE forest health experts (operational), 3 FTE forest health expert R&D funded, no forest biosecurity • Native forests face risk from Myrtle rust • Established Forest Health surveillance for native regrowth and plantation hardwoods • Softwood forest health surveillance and Sirex wood wasp management services • Annual forest health reporting to contracting parties
NSW	<ul style="list-style-type: none"> • 19.9 million hectares of native forest (1.0 million hectares harvestable) • 380 thousand hectares of plantations • \$458 million log harvest value • \$2.4 Billion economic turnover • 16,000 direct jobs 	<ul style="list-style-type: none"> • Established softwood and hardwood forest health surveillance and monitoring. • Native forest biodiversity plot monitoring • Annual forest health reporting to contracting party • High risk sites identified for some exotic forest pests • Contract-based high risk site surveillance undertaken for some forest pests • 3 FTE forest health and biosecurity experts • Native forests face increasing impacts from Myrtle rust • Softwood Plantations <ul style="list-style-type: none"> ◦ management costs of Sirex wood wasp ◦ management costs of <i>Dothistroma</i>

Scope	Asset being protected ¹	Current forest health & biosecurity snapshot
QLD	<ul style="list-style-type: none"> • 51.6 million hectares of native forest (1.9 million hectares harvestable) • 229 thousand hectares of plantations • \$249 million log harvest value • 8,500 jobs 	<ul style="list-style-type: none"> • Ad-hoc individual industry surveillance • 5 FTE forest health and biosecurity - R&D • 1 FTE forest health- operational • Native forests face increasing impacts from Myrtle rust • Softwood Plantations <ul style="list-style-type: none"> ◦ Emerging forest health surveillance ◦ Increasing threat of Sirex wood wasp damage
NT	<ul style="list-style-type: none"> • 23.6 million hectares of native forest • 45 thousand hectares of plantations • 300 jobs 	<ul style="list-style-type: none"> • No forest health and biosecurity expertise • Myrtle rust risk to native forest and flora • High risk due to proximity and pathways from Papua New Guinea and Indonesia

NOTE: Full-time equivalent (FTE) expertise was defined as personnel whose primary role involved forest health or forest biosecurity.

Appendix 3: Investment plan project topics included in the proposed RD&E portfolio based on rankings by growers

The following Table is adapted from a report¹⁶ prepared by Sylva Systems Pty Ltd for the FWPA. The report set out to analyse the Impact, Benefit Cost Ratios (BCR) and Internal Rates of Return (IRR) for each project returns. These are defined as follows

- **Impact** is the difference in the Net Present Value (NPV) of the Australian forestry sector based on mill door value of the resources delivered as a result of claimed impacts of the research project topics. It excludes the cost of research and the cost of adoption of the research outcomes.
- **BCR** is the modelled BCR based on the NPV of the claimed impact less the NPV of research and adoption costs, relative to the NPV of research and adoption costs.
- **IRR** is based on net cashflows – the impact of claimed research on annual industry cashflows, research costs allocated by year of expenditure and adoption costs allocated by year of expenditure.

Investment plan theme	Research project topic	Mechanism	Impact (\$M)	BCR	IRR
Damage agents	Drought-risk - retrospective analysis	Avoided losses	\$7.8	4.6	27%
Damage agents	Delivering surveillance products	Avoided losses	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Understanding and managing the threat from heatwaves	Improved productivity	\$2.1	1.4	10%
Damage agents	Sirex biocontrol	Reduced costs	\$1.6	17.4	34%
Damage agents	Leaf beetle integrated pest management	Avoided losses	\$3.2	14.8	36%
Damage agents	Gonipterus biocontrol	Reduced costs	\$0.9	2.9	21%
Damage agents	Risk-based management of mammal browsing	Avoided losses	\$2.4	16.7	88%
Damage agents	Review Teratosphaeria research	Avoided losses	\$0.0	Nil \$ impact	
Damage agents	Myrtle rust diagnostics and pathways	Avoided losses	\$11.8	16.9	58%
Damage agents	Giant pine scale biocontrol	Avoided losses	\$15.5	11.1	80%
Damage agents	Collate historical forest pest data	Reduced costs	\$0.0	Nil \$ impact	
Damage agents	Guidelines to determine pest status (native or exotic)	Reduced costs	\$6.3	1.4	19%
Damage agents	Conduct forest specific national blitz surveys	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Review diagnostic capability	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Develop National Diagnostic Protocols for forest High Priority Pests (HPP)	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Develop diagnostic methods and tools	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact

¹⁶ Adapted from: Jenkin, BM (2019)- Development and implementation of a financial tool to conduct an analysis of the GRAC / FWPA draft research investment plans

Investment plan theme	Research project topic	Mechanism	Impact (\$M)	BCR	IRR
Damage agents	Review forest surveillance capability / capacity	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Develop National HPP Surveillance Protocols	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Support general surveillance for HPPs	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Data integration	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Review threats not amenable to surveillance	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Damage agents	Design and optimised High Risk Site Surveillance program	Reduced costs	\$0.0	Nil \$ impact	Nil \$ impact
Fire	Data collection (Establishing the baseline for analysing benefits and costs).	Avoided loss	\$0.4	6.7	30%
Fire	Characterisation of fire impacts on commercial forest assets. (Identifying the risks to the industry).	Avoided loss	\$1.4	6.7	30%
Fire	Refinements for plantation fire spread modelling	Avoided loss	\$2.7	8.5	30%
Fire	Investigation of Monte Carlo (stochastic) modelling for longer term fire modelling predictions.	Avoided loss	\$0.9	4.9	27%
Fire	Analysis of plantation design and rotational management for forest fire mitigation	Avoided loss	\$1.0	4.9	27%
Fire	Effectiveness of suppression strategies.	Avoided loss	\$0.5	2.2	18%
Fire	Determining the metrics for softwood and hardwood plantation flammability.	Avoided loss	\$0.6	2	16%
Fire	Understanding flammability pathways within softwood and hardwood plantations, and the impacts that climate change and management practices have on plantation flammability trajectories.	Avoided loss	\$0.4	Nil \$ impact	5%
Fire	Analysis of remote systems for detection of wildfire ignitions and environmental inputs (e.g. soils and fuel moisture contents) for forest fire management predictive systems.	Avoided loss	\$0.8	15.4	57%
Fire	Designing plantations to reduce the impacts of wildfire risks as Climate Change impacts on fire weather.	Avoided loss	\$1.0	0.9	12%
Fire	Developing methodologies to utilise sensor technology for environmental data collection (e.g. fuel moisture	Avoided loss	\$0.8	3.1	22%

Investment plan theme	Research project topic	Mechanism	Impact (\$M)	BCR	IRR
	content) for advanced notification of suitability for prescribed burning within prescriptions.				
Fire	Predictive model to display forest fuel and grassland moisture forward estimates from remote sensing methods	Avoided loss	\$0.4	1.6	15%
Fire	Decision support tool for evaluating (tenure blind) fuel management strategies.	Avoided loss	\$0.6	15.4	57%
Fire	Fire preparedness decision support tools for rapid resource response in preparation of, and in response, to bushfire ignitions.	Avoided loss	\$0.3	7.2	37%
Fire	Economic decision support tools for alternative plantation landscape designs.	Avoided loss	\$0.3	3.1	22%
Genetics	Build complete and annotated reference genomes for Pinus radiata, Slash x Caribbean pine hybrid	Improved productivity	\$7.2	8.3	12%
Genetics	Build complete and annotated reference genomes for Pinus radiata, Slash x Caribbean pine hybrid, Eucalyptus globulus and Eucalyptus nitens.	Improved productivity	\$14.0	17.3	15%
Genetics	Development and deployment of a radiata pine SNP V2.0 Chip for genotyping	Improved productivity	\$4.9	2.2	9%
Genetics	Convert genomic tools for pedigree reconstruction	Improved productivity	\$1.9	20.4	13%
Genetics	Utilise and compliment the genomic tools to identify important germplasm to assist in the breeding of elite material suited to climate variability including new and untested plantation sites.	Improved productivity	\$4.9	1.8	9%
Genetics	Integrate processing information to add to the phenotypic dataset.	Avoided losses	\$5.6	3.3	11%
Genetics	Integrate processing information to add to the phenotypic dataset.	Avoided losses	\$4.9	2.7	9%
Genetics	The development of a breeding values for Pinus radiata and Southern Pine genome wide selection programs.	Avoided losses	\$4.9	4.6	10%
Genetics	Establishment of an 'off-shore' research program for the purpose of evaluating the current level of	Improved productivity	\$4.9	4.6	10%

Investment plan theme	Research project topic	Mechanism	Impact (\$M)	BCR	IRR
	susceptibility / tolerance / resistance of Australian Pinus sp.				
Genetics	Undertake a review of current quarantine restrictions	Improved productivity	\$2.4	12.9	12%
Genetics	Identifying and evaluating methods and processes for germplasm exchange/transfer	Improved productivity	\$2.4	6.9	11%
Genetics	Identifies the bio-economy generated products that will be generated from a plantation forestry-based bio-economy	Increased log value	\$2.3	16.7	27%
Genetics	Big data management and wood properties	Increased log value	\$8.9	19.2	19%
Genetics	Breeding for future forest products	Increased log value	\$16.6	18	19%
Native forest silviculture	Commercial thinning guided by remote sensing	Reduced costs	\$1.9	2.7	14%
Native forest silviculture	Remote sensing regeneration success	Reduced costs	\$2.2	3.3	15%
Native forest silviculture	Integrated harvesting of high-graded forests	Improved productivity	-\$7.0	Nil \$ impact	7%
Native forest silviculture	Options for improving jarrah productivity	Improved productivity	\$0.0	Nil \$ impact	Nil \$ impact
Native forest silviculture	Understanding needs of private native forest growers	Improved productivity	-\$0.1	Nil \$ impact	Nil \$ impact
Native forest silviculture	Climate-adapted protocols for provenances and species	Avoided losses	\$0.4	Nil \$ impact	7%
Native forest silviculture	Decision-support apps for harvest planning	Reduced costs	\$2.0	0.5	10%
Native forest silviculture	Guidelines for responsible recovery of timber from burnt forests	Improved productivity	\$0.0	Nil \$ impact	Nil \$ impact
Native forest silviculture	Coarse woody debris prescriptions for high residue removals	Increased log values	\$0.0	Nil \$ impact	Nil \$ impact
Native forest silviculture	National workshop on long-term monitoring	Improved productivity	-\$0.1	Nil \$ impact	Nil \$ impact
Native forest silviculture	Reduced reliance on clear-felling and burning	Improved productivity	\$0.0	Nil \$ impact	Nil \$ impact
Native forest silviculture	Training materials (procedural manuals/videos/apps) for native forest growers, employees, and contractors)	Improved productivity	\$0.0	Nil \$ impact	Nil \$ impact
Nutrition	Fine-scale data (region-to-stand levels) on stand condition and history, soil properties, and climate, with links to yield predictions systems, and the role of different factors in closing the yield gap across multiple rotations	Improved productivity	\$25.5	9.2	13%

Investment plan theme	Research project topic	Mechanism	Impact (\$M)	BCR	IRR
Nutrition	Knowledge capture and training systems (Delivery of RD&E)	Improved productivity	\$13.9	9.8	15%
Nutrition	Nutrient value of slash in relation to fertilisation	Improved productivity	\$11.2	17.5	12%
Nutrition	Methods for diagnosing nutrient deficiencies	Improved productivity	-\$0.4	Nil \$ impact	Nil \$ impact
Nutrition	Quantification of responses to fertilizer and the development of prediction systems and fertilizer recommendations	Improved productivity	\$25.5	10	17%
Nutrition	Operational management systems for conserving and managing slash	Improved productivity	\$14.6	9.5	16%
Nutrition	Capture and adopt widely the considerable existing knowledge base on nutrient responses from establishment through to canopy closure and following thinning.	Improved productivity	\$20.0	16.5	14%
Nutrition	Nutrient requirements across multiple rotations, particularly for rarely studied for nutrients such as Ca, K, and trace elements	Avoided loss	-\$0.2	Nil \$ impact	Nil \$ impact
Plantation silviculture	Silviculture and wood products	increased log value	\$1.1	10.4	20%
Plantation silviculture	A focus on social license	reduced costs	\$11.4	9.9	50%
Plantation silviculture	Current chemical approaches	reduced costs	\$11.4	9.9	50%
Plantation silviculture	A holistic approach	reduced costs	\$11.4	9.9	50%
Plantation silviculture	Alternative weed control method	avoided losses	\$74.7	19.6	17%
Plantation silviculture	Site selection and management	increased log value	\$23.6	10.2	9%
Plantation silviculture	Maintenance of site productivity	increased log value	\$8.6	2	9%
Plantation silviculture	Operational capturing of potential yields	increased log value	\$8.6	2	9%
Plantation silviculture	Impact of productivity on wood properties	increased log value	\$43.9	17.3	15%
Plantation silviculture	Document the drivers of poor survival	reduced costs	\$0.5	9	21%
Plantation silviculture	Silviculture and risk issues	reduced costs	\$17.4	3.9	41%
Plantation silviculture	Management of the risks	reduced costs	\$17.0	3.9	40%
Plantation silviculture	Stand management – stocking	improved productivity	\$48.5	12	14%
Plantation silviculture	Knowledge management	reduced costs	\$7.0	10.6	38%
Resource modelling	A collaborative and efficient management of resource modelling obligations	reduced costs	-\$2.0	Nil \$ impact	8%
Resource modelling	Adaption and adoption of technology	reduced costs	\$4.4	1	13%
Resource modelling	Precision requirements: the scope of systems down to the individual tree	increased log value	\$26.0	8.5	36%
Resource modelling	Leverage gains from other industries	reduced costs	\$60.4	11	33%
Resource modelling	Big data and big data management	reduced costs	\$6.0	4.7	24%

Investment plan theme	Research project topic	Mechanism	Impact (\$M)	BCR	IRR
Operations and supply chain	Development of training solutions	increased log value	\$8.0	9.9	37%
Operations and supply chain	Data management, capture and use	increased log value	\$20.0	8.5	34%
Operations and supply chain	Recovery of forest products from residues	increased log value	\$12.0	6	29%
Operations and supply chain	Supply chain efficiency, safety, and compliance	reduced costs	-\$0.4	Nil \$ impact	
Operations and supply chain	ROI driven supply chains	reduced costs	\$6.0	4.7	25%
Operations and supply chain	Harvester head technology	reduced costs	\$6.0	4.7	26%
Operations and supply chain	Management of within supply chain inventories	increased log value	\$7.0	11.4	36%
National Forest Biosecurity Surveillance Strategy	Develop a web portal	Avoided losses, reduced risk			
National Forest Biosecurity Surveillance Strategy	Develop awareness materials	Avoided losses, reduced risk			
National Forest Biosecurity Surveillance Strategy	Forest node in the National Diagnostic Network	Avoided losses, reduced risk			
National Forest Biosecurity Surveillance Strategy	Forest biosecurity training framework & modules	Avoided losses, reduced risk			
National Forest Biosecurity Surveillance Strategy	Develop Incursion Preparedness Plans	Avoided losses, reduced risk			
Total			\$697		

Appendix 4: Proposed biosecurity program budget

Yearly mean cost (over 5 years) and 5-year total costs of National Forest Pest Surveillance Program components with brief item descriptions and justifications.

ITEM	MEAN/YR	5 YR TOTAL	DESCRIPTION	JUSTIFICATION
Coordination	\$219,000	\$1,093,000		
Personnel	\$190,000	\$950,000	NFBC (1 FTE), project officer (0.2 FTE)	<ul style="list-style-type: none"> Enables governance and guidance by stakeholders Enables independent coordination of surveillance, training, and reporting activities nationally across States and stakeholders
Operating	\$28,000	\$140,000	Travel, secretariat services, NFBSG meeting costs	
Equipment	\$1,000	\$3,000	Computer, phone, stationary	
Risk Analysis	\$114,000	\$569,000		
Ongoing analysis	\$11,000	\$57,000	Additional runs of the SPEAR model as needed, analysis for additional pests	<ul style="list-style-type: none"> Enables resources to be allocated to areas of greatest need Increases the number of forest pests for which we have pathways analysis (currently only 4) Enables re-assessment of exotic pest risk areas as the types and volumes of commodities or source countries change over time Increases the confidence and reliability of the pest analysis model
Maintenance	\$9,000	\$45,000	System maintenance and support costs	
Model improvements	\$93,000	\$467,000	Improvements to model's: <ol style="list-style-type: none"> user-interface, its capabilities, outputs, accuracy, and sensitivity 	
HRSS Surveillance	\$829,000	\$4,147,000		
Personnel	\$511,000	\$2,553,000	Supervising scientist, technical assistant, GIS support	<ul style="list-style-type: none"> Enables expert-driven forest pest surveillance at potential first points-of-entry Improves chances of early detection Supports expert professional development to build and maintain forest pest surveillance capacity nationally
Operating	\$29,000	\$145,000	Vehicle, travel, accommodation	
Equipment	\$55,000	\$274,000	Traps, lures, chemicals, sampling equipment	
Diagnostics	\$225,000	\$1,124,000	Laboratory and molecular diagnostic fees with personnel	
Expert Training	\$10,000	\$51,000	Residential or visiting expert exchanges and, annual surveillance or diagnostics professional development workshop	

ITEM	MEAN/YR	5 YR TOTAL	DESCRIPTION	JUSTIFICATION
Stakeholder / Community Surveillance	\$29,000	\$146,000		<ul style="list-style-type: none"> Enables timely pest information, training, and diagnostic support to be provided to stakeholders across high risk areas in peri-urban and urban zones Increases the chances of early detection Positive social licence
Pest information	\$7,000	\$34,000	Development, design, and printing	
Training Workshops	\$9,000	\$47,000	Development, meeting costs	
Diagnostic support	\$6,000	\$31,000	Laboratory and molecular diagnostic fees with personnel	
National Forest Biosecurity Workshop	\$7,000	\$34,000	Annual forest stakeholder workshop	
Tools & Data	\$43,000	\$214,000		<ul style="list-style-type: none"> Supports maintenance and development of software, digital tools and infrastructure needed by forest pest surveillance partners and collaborators.
Forest Survey Network	\$16,000	\$81,000	Portal/network linking forest pest surveillance practitioners with info, training, methods ,etc.	
APIs & Programming	\$7,000	\$35,000	Programming and maintenance of apps a& network	
Tool Customisation	\$4,000	\$20,000	Customising AusPestCheck, MyPestGuide and other digital tools for forest pests	
Data management and maintenance	\$16,000	\$78,000	Data cleaning, maintenance and secure storage	
Program Review	\$20,000	\$100,000		<ul style="list-style-type: none"> Independent assessment of Program to provide all stakeholders confidence in the implementation of the program.
Total	\$1,254,000	\$6,268,000		

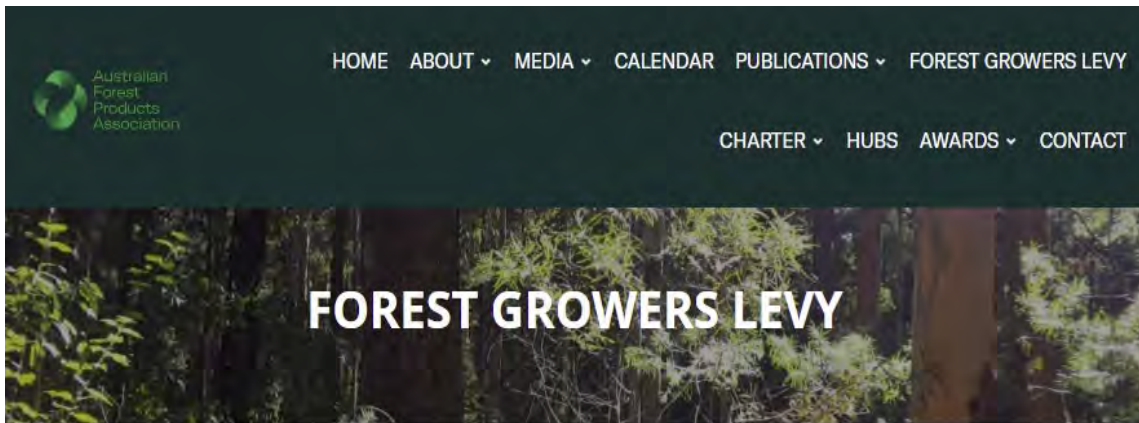
NFPS Budget and proposed contributing parties for each components of the program

COMPONENT	MEAN/YR.	TOTAL	COMM.	STATES	INDUSTRY	REASONING
Coordination	\$219,000	\$1,093,000	✓	✓	✓	<ul style="list-style-type: none"> Benefits all parties Fair, independent, equally representative
Risk Analysis	\$114,000	\$569,000	✓			<ul style="list-style-type: none"> Can be used for all pests Provides nationally agreed, intuitive platform

						<ul style="list-style-type: none"> • DAWE data and analysis to give it authority
HRS Surveillance	\$829,000	\$4,147,000		✓	✓	<ul style="list-style-type: none"> • Direct beneficiaries • States have capacity (e.g. diagnostics) • States have authority to enter potential sites
Stakeholder / Community Surveillance	\$29,000	\$146,000		✓	✓	<ul style="list-style-type: none"> • Direct beneficiaries • States have capacity (e.g. diagnostics) • States have stakeholder engagement experience and trust
Tools & Data	\$43,000	\$214,000	✓	✓	✓	<ul style="list-style-type: none"> • Benefits all parties
Program Review	\$20,000	\$100,000	✓	✓	✓	<ul style="list-style-type: none"> • Benefits all parties
Total	\$1,254,000	\$6,268,000				

Appendix 5: AFPA webpage and emails to AFPA members and levy collection agents advising of the consultation and ballot process, the AFPA media release, and the regular AFPA enews reminder

AFPA webpage



Summary

The Australian Forest Products Association (AFPA), the national peak body for Australia's forest, wood and paper products industry, is looking for industry feedback on a proposal to ask Australia's forest growers to support measures to increase the sector's commitment to research, development and extension (RD&E) and biosecurity. The aim is to address the decline in funding and capacity for vital forest science RD&E and to tackle ever-increasing biosecurity threats.

Working with governments, AFPA, Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) developed an RD&E and biosecurity strategy that, if supported across the sector through an increase to the forest grower levy, will grow the value of the industry, boost productivity, lower costs, increase resilience and reduce losses from drought, fire, pests and diseases.

An increase of \$0.13 per m3 to the forest grower levy is proposed, in two parts:

- an additional \$0.085 per m3 to significantly increase investment in forestry research through FWPA; and
- an additional \$0.045 per m3 to the biosecurity levy for PHA to protect our trees and forests against the threat of exotic pests.

If the Australian Government agrees, the increase to the forest grower levy will have a staged implementation. An additional \$3.45 million will be raised annually with matched funding from the Australian Government of up to \$2.55 million. AFPA is also proposing that small and medium growers who harvest less than 20,000 m3 annually be exempt from paying the forest growers levy. If the exemption is successful, 96 per cent of industry by volume would be paying the newly increased forest grower levy.

The first stage in this process will involve extensive consultation with all forest growers to provide feedback to help refine and further develop this proposal, for more information see [here](#) and frequently asked questions [here](#).

As a forestry grower, you can offer your feedback in the manner that best suits you, for example, one-on-one conversations, telephone conferences and virtual town hall-style meetings. It is AFPA's intention once there is broad consensus to engage a third party to conduct a ballot in which all potential or existing forest grower levy payers can vote. For the proposed levy increase to be successful it needs the support of the majority of forest growers who participate and vote.

Voting is now underway on the levy until the 21 December 2020. If you would like a ballot paper please click '[Register](#)' or email forestgrowerslevy@ausfpa.com.au or call (02) 6163 8901.

The current forest grower levy	The future forest grower levy	The RD&E forest component of the grower levy
The increase to the biosecurity component of the forest grower levy		Background
An exemption point for the forest grower levy		

Forest growers currently pay a compulsory levy to the Department of Agriculture, Water and the Environment (DAWE) based on the volume of logs produced. The current levy components and rates for logs are as set out in Table 1 below, also viewable [here](#).

Table 1: Levy rate components that make up the current forest grower levy.

Leviable logs	RD&E / marketing	Plant Health Australia	EPPR*	TOTAL
Plantation Logs – Exotic Softwood (<i>Pinus sp.</i>)	\$0.05/m ³	\$0.005/m ³	\$0.05/m ³	\$0.105/m ³
Plantation Logs – Other	\$0.05/m ³	\$0.005/m ³	\$0.00	\$0.055/m ³
Other Logs	\$0.05/m ³	-	-	\$0.05/m ³

*The Emergency Plant Pest Response (EPPR) rate for Softwood logs was raised to 5 cents per m³ to fund the emergency response to the Giant Pine Scale incursion. It will revert to \$0.00 on the 1 January 2021.

Who pays the forest grower levy?

- All private growers of plantation-logs – exotic softwood (*Pinus sp.*), all plantation logs – eucalypt and other species and all other (native forest) logs pay the RD&E / marketing levy.
- Private growers of plantation-logs – exotic softwood (*Pinus sp.*), all plantation logs – eucalypt and other species and all other (native forest) logs pay the RD&E / marketing levy.
- Growers of plantation-logs – exotic softwood (*Pinus sp.*) and all plantation logs – eucalypt and other species pay the PHA levy.
- Growers of all other (native forest) logs do not pay the PHA levy and the current Emergency Plant Pest Response (EPPR) levy.
- Growers of all plantation logs – eucalypt and other species do not pay the current EPPR levy.
- Growers managing State forests do not pay the forest grower levy, but do currently contribute an amount equivalent to the RD&E / marketing component to FWPA.

Usage of the RD&E / marketing levy

- DAWE passes the 'RD&E / marketing' component levies collected from private growers to Forest & Wood Products Australia (FWPA) for the use in RD&E and/or marketing activities.
- The RD&E and marketing levy currently raises around \$1.7 million each year, and the Federal Government provides matching payments for investments in RD&E.
- The RD&E and marketing levy has not increased since it was introduced in 2007 at \$0.05 per m³.

Usage of the PHA levy

- DAWE passes the levies collected from private growers for the PHA component of the Forest Grower Levy to PHA, to cover the cost of membership fees (e.g. \$65,000), with the remainder used for small biosecurity projects.
- The PHA levy currently raises approximately \$105,000 annually.

Frequently Asked Questions

How does changing the forest grower levy process work?

Changing a levy requires engagement with the broader industry, followed by a vote of support, generally through a process run by a third-party service provider. Support from at least 50 percent of growers is required. It can take six to twelve months for the entire process to take place, from the early discussions to the implementation of new levy arrangements.

Once support is demonstrated, the Government undertakes a Regulatory Impact Assessment to determine budgetary implications, followed by a decision from the Minister. The new regulations will then need to be signed off by the Governor-General.

For more information on the levy process please visit the DAWE website [here](#), and view the levy guidelines [here](#).

Who is eligible to vote?

Why should I vote yes?

What happens if I vote no?

If the levies are agreed to, what happens? Do they continue indefinitely?

Is it not the Government's role to fund research and biosecurity?

I manage a private native forest. Do I need to pay either of these levies?

I'm a small grower. If I agree to the levy increase, will I have to pay the same amount as a large grower?

I am a small grower in far removed from any biosecurity threat, why should I pay for an increased biosecurity levy?

What are the benefits of an increased biosecurity levy for my State/Territory?

Are there any other forest industry levies?

Does the government match the levy?

Forest Grower Levy Website hits

▼ This data was filtered using an advanced filter.

Landing Page	Acquisition			Behaviour			Conversions	Goal 1: Contact us	
	Sessions	% New Sessions	New Users	Bounce Rate	Pages/Session	Avg. Session Duration	Contact us (Goal 1 Conversion Rate)	Contact us (Goal 1 Completions)	Contact us (Goal 1 Value)
	394 % of Total: 3.66% (10,707)	68.27% Avg for View: 66.40% (2.83%)	269 % of Total: 3.78% (7,109)	86.55% Avg for View: 49.79% (73.83%)	1.39 Avg for View: 2.58 (-46.25%)	00:01:00 Avg for View: 00:01:34 (-36.02%)	1.27% Avg for View: 5.52% (-77.01%)	5 % of Total: 0.85% (591)	US\$0.00 % of Total: 0.00% (US\$0.00)
1. /forest-growers-levy/	388 (98.48%)	67.78%	263 (97.77%)	86.34%	1.39	00:01:01	1.29%	5 (100.00%)	US\$0.00 (0.00%)
2. /forest-growers-levy/?fbclid=IwAR0V_Kuw4gaEQulT3kfcgynu2StkWwidbvU6JMM-VCIF9B9-VmRw2ejTqU	1 (0.25%)	100.00%	1 (0.37%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	US\$0.00 (0.00%)
3. /forest-growers-levy/?fbclid=IwAR0vvCG2xOdZ_GpmC_ZdFZmCwJf4yVET15VEplyoAbyQNjhj3FahzGhZbk	1 (0.25%)	100.00%	1 (0.37%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	US\$0.00 (0.00%)
4. /forest-growers-levy/?fbclid=IwAR1rof7bndqg4HbDcxU-72xazXJwj_btD_-NJysdL0npxi3Thy4yXBnkk	1 (0.25%)	100.00%	1 (0.37%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	US\$0.00 (0.00%)
5. /forest-growers-levy/?fbclid=IwAR22PHGpyg0WirV1wR239lrMdlQkU9v9kKbQJVNxuC9Z2UqaNldQ2c6eEFw	1 (0.25%)	100.00%	1 (0.37%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	US\$0.00 (0.00%)
6. /forest-growers-levy/?fbclid=IwAR31Hic1gP03Lix6T2khM_yiYM3CsJqwfvo8b6lqUTzjSowz2X-Vw9mIX6Y	1 (0.25%)	100.00%	1 (0.37%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	US\$0.00 (0.00%)
7. /forest-growers-levy/?fbclid=IwAR3pMotaP3_gK-h-zoayawFZs9IW-ac-X-FuOZJW9Tw5RwOdArT53Mn9aNI	1 (0.25%)	100.00%	1 (0.37%)	100.00%	1.00	00:00:00	0.00%	0 (0.00%)	US\$0.00 (0.00%)

Rows 1 - 7 of 7

Email to members

From: Natalie Heazlewood <natalie.heazlewood@ausfpa.com.au>
Sent: Wednesday, 7 October 2020 6:25 PM
To: Natalie Heazlewood <natalie.heazlewood@ausfpa.com.au>
Subject: Forest Growers Levy consultation period now open

Action Required:	Yes – if you pay the forest growers levy please register to participate in the forest growers ballot process.
Issue affects:	All AFPA members who pay the forest growers levy.
Timing:	Please register by the 6 th November via this link for a ballot paper.
Summary:	For members who pay the forest growers levy the public consultation process has officially begun. Small/medium levy payers (non AFPA members) are being encouraged to register their details to participate in town hall type meetings and telephone conferences and to vote on the outcome during an official ballot process. AFPA also welcomes those interested members who would like to participate during the consultation phase.

Dear AFPA members,

Please find attached a copy of the media release AFPA issued yesterday in relation to the proposed increase to the forest growers levy. This is the result of the AFPA Growers Chamber meeting on the 23rd of June 2020 where the Chamber agreed to undertake a process to raise the forest growers levy.

AFPA now has website detailing the proposal and frequently asked questions – see <https://ausfpa.com.au/forest-growers-levy/>

I will provide more AFPA specific information in due course but in the meantime we wanted to keep you updated on what we are doing for non AFPA members. We will also have ads appearing in newspapers, online and stories in a variety of different industry publications.

We welcome all feedback and comments, please do not hesitate to contact me.

Kind Regards

Natalie
Natalie Heazlewood
Policy Manager
PO Box 239, DEAKIN WEST ACT 2600
T: (02) 6163 8901 | **M:** 0477 772 384 | **E:** natalie.heazlewood@ausfpa.com.au

Email to levy collection agents

From: Natalie Heazlewood <natalie.heazlewood@ausfpa.com.au>
Sent: Wednesday, 21 October 2020 4:52 PM
To: Natalie Heazlewood <natalie.heazlewood@ausfpa.com.au>
Subject: Forest Growers Levy
Importance: High

Hello

You are being contacted as you currently pay the forest growers levy either for trees you harvest directly or on behalf of forest growers. I want to make sure you and the people you pay the levy on behalf of are aware that we are currently undertaking a consultation process looking to increase the levy.

Payers of the forest growers levy:

- All private growers of plantation-logs – exotic softwood (*Pinus* sp.), all plantation logs – eucalypt and other species and all other (native forest) logs pay the RD&E / marketing levy.
- Private growers of plantation-logs – exotic softwood (*Pinus* sp.), all plantation logs – eucalypt and other species and all other (native forest) logs pay the RD&E / marketing levy.
- Growers of plantation-logs – exotic softwood (*Pinus* sp.) and all plantation logs – eucalypt and other species pay the PHA levy.
- Growers of all other (native forest) logs do not pay the PHA levy and the current Emergency Plant Pest Response (EPPR) levy.

Australia's forest growers are being asked to support an increase to the sector's R&D and biosecurity levy to increase the sector's commitment to research, development and extension (RD&E) and biosecurity.

Working with governments, AFPA, Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) developed an RD&E and biosecurity strategy that that will grow the value of the industry, boost productivity, lower costs and reduce losses from drought, fire, pests and diseases.

An increase of \$0.13 per m³ to the forest grower levy rate is proposed, in two parts:

- an additional \$0.085 per m³ to significantly increase investment in RD&E through FWPA and
- an additional \$0.045 per m³ to the biosecurity levy for PHA to coordination of protection against the threat of exotic pests.

AFPA is also proposing that small and medium growers who harvest less than 20,000 m³ annually be exempt from paying the forest growers levy. If the exemption is successful, 96 per cent of industry by volume would be paying the newly increased forest grower levy.

The proposed levy increase needs to be agreed upon and voted on by a majority of forest growers levy payers who participate. To register to be part of the voting process and participate in the consultation process please visit <https://ausfpa.com.au/forest-growers-levy/>, or email forestgrowerslevy@ausfpa.com.au or call (03) 6163 8901 by the **6th November 2020**.

Please contact me with any questions.

Kind regards

Natalie

Natalie Heazlewood

AFPA Media Release

Media Release



Tuesday 6 October 2020

FOREST GROWERS LOOK TO THE FUTURE WITH RD&E AND BIOSECURITY FUNDING BOOST

Australia's forest growers are being asked to support a proposed increase to the sector's R&D and biosecurity levy to address the decline in funding and capacity for vital forest science research, development and extension (RD&E) and to tackle ever-increasing biosecurity threats.

A group of forest growers that collectively produce over 90 per cent of Australia's log volume has developed a research strategy that, if supported across the sector through a proposed increase to the Forest Growers Levy, will boost productivity, lower costs, increase resilience and reduce losses from drought, fire, pests and diseases.

The Australian Forest Products Association (AFPA) has backed the proposal and urges all Australian forest growers to support the minor increase which will deliver benefits across the plantation and native forest estates through Commonwealth-matched RD&E projects.

"With this proposal forest growers have the chance to increase current investment levels for RD&E and biosecurity to grow our renewable industry over the long term, increase the resilience of our forests, and build much-needed RD&E capacity", AFPA Chief Executive Officer Ross Hampton said.

"Australia's biosecurity threat from exotic pests has never been higher. For example, Giant Pine Scale was discovered in 2015 in Victoria and then South Australia and has since been declared un-eradicable in Australia. This exotic pest may be slow moving, but it has a devastating impact on the trees it infests. Investing in biosecurity will help us improve Australia's success rate in eradicating exotic pests which currently sits at half the success rate achieved globally."

Forest growers are seeking industry-wide support for an increase to the existing forest growers levy of \$0.13 per m³ of log in two parts:

- an increase to the forestry RD&E levy from \$0.05 to \$0.135 per m³ and
- an increase to the PHA biosecurity levy from \$0.005 per m³ to \$0.05 per m³.

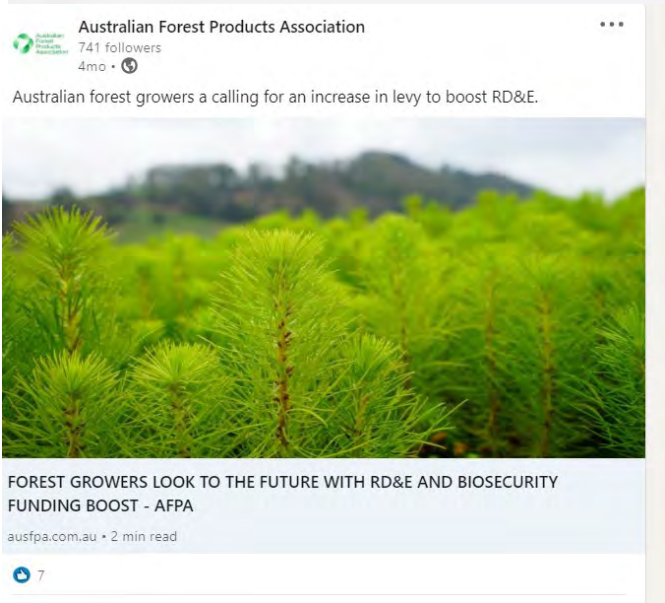
The proposed levy increase needs to be agreed and voted on by a majority of forest growers who participate. To register to be part of the voting process, and participate in the consultation process, please visit <https://ausfpa.com.au/forest-growers-levy/> or email forestgrowerslevy@ausfpa.com.au or call (03) 6163 8901 by the 6th November 2020.

"I encourage forest growers across Australia to become involved in the current consultation process and participate in voting. Achieving this proposed RD&E & biosecurity levy increase is a critical next step to investing the future of our renewable forest industry," Mr Hampton concluded.

Media Contact:
Campbell Cooney - AFPA Senior Communications Manager
(m) 0497 497 005 (e) campbell.cooney@ausfpa.com.au



Regular AFPA enews reminder to Register to Vote



Appendix 6: Email, Q+A and Booklet sent to Grower Registrants and AFPA Grower members on 10 November 2020, and 10 November 2020 email offering Teams/Zoom/Telephone conference

From: Natalie Heazlewood
Sent: Tuesday, 10 November 2020 5:56 PM
To: Natalie Heazlewood <natalie.heazlewood@ausfpa.com.au>
Subject: Forest Grower Levy

Hello

Thank you for registering for the forest grower levy consultation process.

Australia's forest growers are being asked to support an increase to the sector's R&D and biosecurity levy to increase the sector's commitment to research, development and extension (RD&E) and biosecurity.

Working with governments, AFPA, Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) developed an RD&E and biosecurity strategy that that will grow the value of the industry, boost productivity, lower costs and reduce losses from drought, fire, pests and diseases.

The proposed levy increase needs to be agreed upon and voted on by a majority of forest growers who participate.

During your registration process you indicated one of your preferred methods of contact is via email. I have attached a booklet to this email which provides a high level overview of the proposal.

The three keys areas levy payers will be asked to vote on when the time comes are:

- An additional \$0.085 per m³ to significantly increase investment in RD&E through FWPA
- an additional \$0.045 per m³ to the biosecurity levy for PHA to coordination of protection against the threat of exotic pests; and
- the creation of a new exemption point of 20,000 per m³

If you have feedback on any aspects of the proposal, please provide your response by **25th November.**

For more information please visit <https://ausfpa.com.au/forest-growers-levy/> or email forestgrowerslevy@ausfpa.com.au or call (02) 6163 8901.

Do not hesitate to get in touch.

Kind regards

Natalie

Natalie Heazlewood

Policy Manager

PO Box 239, DEAKIN WEST ACT 2600

T: (02) 6163 8901 | **M:** 0477 772 384 | **E:** natalie.heazlewood@ausfpa.com.au



INFORMATION BOOKLET



FUTURE PROOFING FOR FOREST GROWERS

Background to the increase

AFPA is very positive about the future of Australia's renewable forest industry and is seeking forest growers support on a proposal to increase the forest growers levy for research, development and extension (RD&E) and biosecurity.

Working with governments, AFPA, Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) have developed an RD&E and biosecurity strategy that, if supported by an increase to the forest grower levy, will grow the value of the industry, boost productivity, lower costs, increase resilience and reduce losses from drought, fire, pests and diseases.

AFPA is proposing the forest growers levy is changed to \$0.185 per m³ representing an increase of \$0.13 per m³. The increase is in two parts, an additional \$0.085 per m³ for RD&E and an additional \$0.045 per m³ for biosecurity.

The proposed increase would provide the Australian forest growers with additional \$3.45 million per year with matched funding from the Australian Government of up to \$2.55 million to fund critical projects. The increase to the forest grower levy will have a three-year staged implementation process.

Benefits of an increased levy

The proposed levy increase to \$0.185 per m³ would deliver benefits for all forest growers across Australia. Investment in RD&E and biosecurity is critical to securing Australian forest grower productivity, profitability, sustainability and international competitiveness into the future.

Significant challenges exist for forest growers including climate change impacts, fire management, genetics and tree breeding, environmental management, native forest silviculture, plantation nutrition and silviculture practices. The availability of increased RD&E and biosecurity funds will go a long way towards overcoming some of these.



INFORMATION BOOKLET

OUR FOREST INDUSTRY

The forest products industry is one of Australia's largest manufacturing industries with an annual turnover of around \$24 billion. It contributes around 0.5 per cent to Australia's gross domestic product and 6.6 per cent of manufacturing output. Around 80,000 people are directly employed along the industry value chain, with a further 100,000 jobs supported through flow-on economic activity.

THE FOREST GROWER LEVY

Forest growers currently pay a compulsory levy to the Australian Government based on the volume of logs produced. The Australian Government matches levy investments in RD&E to a cap of 0.5 percent of the Gross Value of Production.

Who pays the forest grower levy?

The levy is payable on harvesting and based on volume, measured in cubic metres, of logs produced.

All private growers of plantation and native forest timber pay the RD&E / marketing levy.

Private growers of plantation-logs – exotic softwood (*Pinus* sp.) and all plantation logs – eucalypt and other species pay the PHA levy.

Growers of native forest logs do not pay the PHA levy and the current Emergency Plant Pest Response (EPPR) levy.

Growers managing State forests do not pay the forest grower levy, but do currently contribute an amount equivalent to the RD&E / marketing component to FWPA.

How will the increased RD&E levy be used?

- The additional investment in RD&E will allow for the delivery for a portfolio of projects that would have benefit for the whole industry such as:
 - Understanding flammability pathways within softwood and hardwood plantations, and the impacts that climate change and management practices have on plantation flammability trajectories.
 - Analysis of remote systems for the detection of wildfire ignitions and environmental inputs (e.g. soils and fuel moisture contents) for forest fire management predictive approaches.
 - Utilising and complementing cutting-edge genomic tools to identify important germplasm to assist in the breeding of elite material suited to address climate variability, including new and untested plantation sites.

Table 1: Levy rate components that make up the current forest grower levy.

Leviable logs	RD&E / marketing	Plant Health Australia	EPPR*	TOTAL
Plantation Logs – Exotic Softwood (<i>Pinus</i> sp.)	\$0.05/m ³	\$0.005/m ³	\$0.05/m ³	\$0.105/m ³
Plantation Logs – Other	\$0.05/m ³	\$0.005/m ³	\$0.00	\$0.055/m ³
Other Logs (native forest)	\$0.05/m ³	–	–	\$0.05/m ³

*The Emergency Plant Pest Response (EPPR) rate for Softwood logs was raised to 5 cents per m³ to fund the emergency response to the Giant Pine Scale incursion. It will revert to \$0.00 on the 1 January 2021.



INFORMATION BOOKLET



- o Quantification of responses to fertiliser and the development of prediction systems and fertiliser recommendations.
- o Biocontrol agents for key new and established pests, including Sirex, Gonipterus, Chrysomelids, Essigella and Giant Pine Scale.

What will the increased biosecurity levy deliver?

- A National Forest Pest Surveillance Program that would:
 - o Establish, support and maintain post-border forest health and biosecurity activities, capability and capacity.
 - o Fund a dedicated National Forest Biosecurity Coordinator.
- The program would provide benefits to all States and Territories, specifically:
 - o Annual forest health and biosecurity training provided to forest sector, government and community stakeholders.

- o Forest pest surveillance that increases the rate of early exotic forest pest detection and, increases the rate of successful eradication responses - to world's best standard or better.
- o Reduction in the risks to community social licence and certification through a reduced need for ongoing pesticide usage.

THE RD&E FOREST GROWER LEVY

Who would pay the proposed RD&E levy?

The RD&E levy will apply to all plantation-logs – exotic softwood (*Pinus* sp.), all plantation logs – eucalypt and other species and all other (native forest) logs produced by private growers harvesting 20,000m³ or more per annum.

The forest grower is liable for payment of the levy, however it is normally paid by the processor on behalf of the grower.



INFORMATION BOOKLET

When would the RD&E levy be payable?

If the levy increase is agreed upon, the RD&E levy becomes payable when the log is harvested and is intended to be processed for use by forest industries, or exported.

How would the RD&E levy be managed?

The RD&E levy will be collected by the Australian Government and then passed onto FWPA.

FWPA will manage the allocation of the levy specifically for forestry RD&E activities.

Who would pay the biosecurity levy?

The biosecurity levy will be payable on all private plantation-logs – exotic softwood (*Pinus* sp.) and all private plantation logs – other. It is not currently payable on all other (native forest) logs.

How would the PHA levy be managed?

The PHA levy will be collected the Australian Government and then passed onto PHA.

The levy will be used to fund industry membership of PHA and delivery of a forestry biosecurity program.

AN EXEMPTION POINT FOR THE FOREST GROWER LEVY

The case for levies to have a minimum threshold cut-off point for RD&E and biosecurity.

AFPA is also proposing that small and medium growers who harvest less than 20,000 m³ annually be exempt from paying the forest growers levy. If the exemption is successful, 96 per cent of industry by volume would be paying the newly increased forest grower levy.

A review of previous years' data has revealed the forest grower levy payer population has a very long 'tail' of low volume and one-off producers, resulting in inefficiencies in levy collection.

For example, in 2019, 688 growers contributed to the total levy collected. However, 546 (79 per cent) paid less than \$100; 271 (39 per cent) paid less than \$10, and 39 (6 per cent) paid less than \$1.

WHERE TO NEXT?

The decision about whether to increase the forest growers levy is in the hands of levy payers.

50 percent + 1 vote are required to enable the levy to be changed - so your vote is really important.

Changing a levy requires engagement with the broader industry, followed by a ballot process run by a third-party service provider. AFPA encourages every forest grower levy payer to take the opportunity to vote.

FIND OUT MORE:

W ausfpa.com.au/forest-growers-levy/

E forestgrowerslevy@ausfpa.com.au

T (02) 6163 8901

Email offering Teams/Zoom/Telephone conference

From: Natalie Heazlewood
Sent: Tuesday, 10 November 2020 6:02 PM
To: Natalie Heazlewood <natalie.heazlewood@ausfpa.com.au>
Subject: Forest Grower Levy

Hello

Thank you for registering for the forest grower levy consultation process.

Australia's forest growers are being asked to support an increase to the sector's R&D and biosecurity levy to increase the sector's commitment to research, development and extension (RD&E) and biosecurity.

Working with governments, AFPA, Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) developed an RD&E and biosecurity strategy that that will grow the value of the industry, boost productivity, lower costs and reduce losses from drought, fire, pests and diseases.

The proposed levy increase needs to be agreed upon and voted on by a majority of forest growers who participate.

During your registration process you indicated one of your preferred methods of contact is via Teams/Zoom/Telephone Conference. I have attached a booklet to this email which provides a high level overview of the proposal.

The three keys areas levy payers will be asked to vote on when the time comes are:

- An additional \$0.085 per m³ to significantly increase investment in RD&E through FWPA
- an additional \$0.045 per m³ to the biosecurity levy for PHA to coordination of protection against the threat of exotic pests; and
- the creation of a new exemption point of 20,000 per m³

If you would like a one on one Teams/Zoom/Telephone Conference can you please respond by the 16th November with your availability on the **23,24 & 25 November** so I can set up the meetings?

For more information please visit <https://ausfpa.com.au/forest-growers-levy/> or email forestgrowerslevy@ausfpa.com.au or call (02) 6163 8901.

Do not hesitate to get in touch.

Kind regards
Natalie

Natalie Heazlewood

Policy Manager

PO Box 239, DEAKIN WEST ACT 2600

T: (02) 6163 8901 | M: 0477 772 384 | E: natalie.heazlewood@ausfpa.com.au

Appendix 7: IFA-AFG Information packet emailed to all members and bi-weekly e-news article

Emailed information packet to IFA-AFG members

From: Institute of Foresters of Australia <ceo@forestry.org.au>
Sent: Wednesday, 7 October 2020 1:44 PM
To: IFA CEO <ceo@forestry.org.au>
Subject: Support from Growers for Funding Boost

[View Online](#)



Dear _____

RE: FOREST GROWERS LOOK TO THE FUTURE WITH RD&E AND BIOSECURITY FUNDING BOOST

Australian Forest Growers and The Institute of Foresters of Australia (IFA/AFG) have been engaged in consultations since early this year by the AFPA Growers Research Advisory Committee (GRAC) on the development of a proposal to increase R & D and biosecurity funding for the forest sector. Kevin Harding, IFA/AFG Vice President, was asked to review and input to the initial RD&E and biosecurity strategy on behalf of small private growers and is currently a member of the forest grower levy working group.

As a result of this consultation, Australia's forest growers are being asked to support an increase to the sector's R&D and biosecurity levy to increase the sector's commitment to research, development and extension (RD&E) and biosecurity.

Working with government, AFPA, Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) developed an RD&E and biosecurity strategy that, if supported across the sector through an increase to the forest grower levy, will grow the value of the industry, boost productivity, lower costs, increase resilience and reduce losses from drought, fire, pests and diseases.

AFPA is proposing an increase of \$0.13 per m³ to the forest grower levy rate, which will be divided as follows:

- an increase to the forestry RD&E levy from \$0.05 to \$0.135 per m³, to significantly increase investment in forestry research through FWPA and
- an increase to the PHA biosecurity levy from \$0.005 per m³ to \$0.05 per m³ to protect our trees and forests against the threat of exotic pests.

As a result of the IFA/AFG consultation the proposal would impact growers if their thinning or harvest exceeds 20,000 m³ in any one financial year. It is proposed that small annual harvest volumes (< 20,000 cu m) are not subject to the levy.

Click [HERE](#) to read more about the proposal

The proposed levy increase needs to be agreed upon and voted on by a majority of forest growers who participate before it can be submitted to government.

To register to be part of the voting process and to participate in the consultation process [VISIT](#), email forestgrowerslevy@ausfpa.com.au or call (03) 6163 8901 by **6 November 2020**.

Regards

Jacquie Martin

On behalf of Dr Kevin Harding

Institute of Foresters of Australia
Level 1, 148 - 152 Miller St, West
Melbourne, VIC 3003
Phone: (03) 9695 8940
[Unsubscribe](#)



IFA-AFG bi-weekly e-news article

GROWER CONSULTATION: Change to levy



Forest and Wood Products Australia (FWPA), Australian Forest Products Association (AFAP) and Plant Health Australia (PHA) have been working with governments to develop a sector wide RD&E and biosecurity strategy. In order to deliver this strategy, Australia's forest growers are being asked to support an increase to the sector's R&D and biosecurity levy to increase resources for research, development and extension (RD&E) and biosecurity. The IFA/AFG have been consulted as part of this process. Registrations to vote close 6 November 2020.

To register to vote & read more on the proposal, click [HERE](#)

Appendix 8: FWPA letter to over 1,000 levy payers, other FWPA communications

Letter to Levy payers with link to Annual report



Forest and Wood Products Australia
Level 11, 10-16 Queen Street
Melbourne VIC 3000
Tel: (03) 9927 3200
Fax: (03) 9927 3288
Email: info@fwpa.com.au
Web: www.fwpa.com.au

ABN: 75 127 114 185

Dear Forest Grower levy payer

Proposal to increase the forest grower levy

Forest and Wood Products Australia Limited (FWPA) is the not-for-profit company that provides national, integrated research and market development services to the Australian forest and wood products industry.

Our mission is to collaborate with industry stakeholders and the Australian Government to determine strategy and deliver programs designed to grow the market for forest and wood products, increase productivity and profitability across the value chain and ensure positive environmental and social outcomes.

The work of FWPA is funded through levies on forest growers, wood processors (except pulp and paper) and importers that is collected by the Australian Government's Department of Agriculture, Water and Environment (DAWE).

According to the records of DAWE that have been provided to us, you paid the forest grower levy in the period 2018 – 2019 and may be eligible to be a member of FWPA. A copy of our annual report and membership form can be found at www.fwpa.com.au

The industry's national association, Australian Forest Products Association (AFPA), has commenced a process to secure Government and levy payer support to increase the levies paid by forest growers for the purpose of funding additional forest research, extension and adoption. The review will affect all forest growers who produce leviable logs under the following categories:

Plantation Logs- Exotic Softwood (*Pinus sp.*)
Plantation Logs – Other
Other Logs

AFPA will be running a consultation process, followed by a ballot to determine if and how the levy may change in future years.

For more information please contact AFPA directly via:

The AFPA website at <https://ausfpa.com.au/forest-growers-levy/>
Email forestgrowerslevy@ausfpa.com.au
Or call the AFPA Forest Growers Hotline on (03) 6163 8901

Please contact me directly if you require further information on FWPA's activities.

Kind regards

A handwritten signature in black ink, appearing to read 'Ric Sinclair'.

Ric Sinclair
Managing Director
(0407) 329 372
ric.sinclair@fwpa.com.au



FWPA Annual Report article

Growers agree to support increased levy for R&D and biosecurity

Current levels of investment provided through levies and government funding will not sustain our industry over the long-term.

There is potential for missed opportunities to increase the resilience of our forests, rebuild Australian forestry research capacity, grow the industry through research and innovation, and mitigate risks including those posed by pests, diseases and bushfires.

The Australian Forest Products Association (AFPA) is therefore commencing a formal process to prepare a case for increasing forest grower levy rates. The move comes at the request of major Australian growers and members of the AFPA Growers Chamber Research and Biosecurity Funding Working Group, which prepared a paper outlining how forest growers could come together to create an increased program of R&D, a national forest biosecurity surveillance program, and an ongoing source of funding for operational programs of common interest to grower members.

During a meeting held on 23 June 2020, members of the chamber voted unanimously in favour of starting the process to introduce a levy increase. Members of the AFPA Growers Chamber constitute more than 80 per cent of forest grower levy payers in Australia, by volume. During the discussions, growers voiced their support for the levy increase, citing their recognition of the importance of R&D for increased productivity and profitability, thanks to the successful grower investment plans funded in recent years through the GRAC.

AFPA is now entering into a three-to-six-month consultation process with the broader industry, and encouraging as many Australian forest growers as possible to take part in this process. As well as opportunities to provide feedback and ask questions over the phone, via email or during scheduled town hall Zoom meetings, there will be a formal voting process, with all industry encouraged to have their say. An independent third party will be engaged to conduct an industry-wide poll, seeking support to increase both the grower and biosecurity levies.

If successful, the additional funds generated for R&D through the levy increase will be managed by FWPA.

FWPA online newsletter invitation to "Have your Say"



**Increasing the grower levy for research and biosecurity -
Have your say!**

The peak national body for Australia's forest, wood and paper products industry, the Australian Forest Products Association (AFPA), is asking forest growers to support a proposed increase to the sector's levies for research, development and extension (RD&E), and biosecurity.

The increase represents an opportunity to increase funding and capacity for vital forest science initiatives in Australia, and to tackle ever-increasing biosecurity threats.

[Continue reading...](#)

Appendix 9: Greenwood Strategy- medium grower consultation



FWPA GROWER LEVY

Levy Payer Consultation – Proposed Levy Increase

Prepared for Australian Forest Products Association
November 2020



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Background

The Australian Forest Products Association (AFPA) Growers Chamber has developed a proposal to increase the current forest grower levy to improve funding for collaborative industry activities across research, development and extension (RD&E), forest biosecurity and operations.

In order to secure Commonwealth Government approval for the proposed increase, a ballot is required of existing levy payers demonstrating greater than 50 per cent support by ballot participants for the proposed increases.

Greenwood Strategy Solutions was been engaged to undertake consultation with levy payers which supply more than 20,000 m³ per annum, and who are not part of the AFPA membership base or may not be accessed through traditional industry networks. The intent of the consultation was to:

1. To communicate and advocate the proposed increase in the grower levy to growers.
2. To determine growers' awareness of the proposed levy increase.
3. To determine growers' awareness of the levy) note: it is highly likely that many of these growers are not aware of the fact that they are paying the levy, as it would be processed by the customer – therefore may require a "Forestry Levy 101" approach.
4. Assess grower view/position regarding the proposed levy increase.
5. Provide additional information regarding the proposed increase, including rationale and explanation of benefits.
6. Determine grower interest in or desire to participate in the ballot.

The consultation has taken the form of an initial telephone or email contact, discussion and explanation, provision of information and follow up contact.


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Consultation details

Levy payer categories

An initial assessment of historic levy payments identified three tiers of levy contributors:

Tier 1: 23 major growers harvesting at or above 190,000 m³ per annum, with harvest undertaken annually. These growers are all members of the Australian Forest Products Association and have been provided considerable engagement opportunities in the development of the proposed levy increase. These growers represent about 90% of levy contributions.

Tier 2: Around 40 medium sized levy payers representing annual harvest between 20,000m³ and 190,000 m³ per annum. This is a diverse group of organisations which includes smaller entities of some larger growers, processors and service providers that purchase stumpage and are therefore growers levy contributors, smaller forest growers that have regular annual harvest and smaller forest growers that have been involved in one off or short term harvest events.

Tier 3: Some 600 levy payers that account for less than 20,000m³ per annum harvest each. The majority of these are likely involved in one-off harvest events.

Identification of potential stakeholders

Greenwood Strategy was engaged to identify and consult with Tier 2 levy payers. An initial pool of 35 potential Tier 2 levy payers was identified. A first cut rationalisation reduced this to a group of 31 potential levy payers (based on organisations with multiple trading arms). Further rationalisation based on organisations no longer engaged in harvesting, or those which were picked up as part of larger levy paying organisations (already consulted) reduced the pool to 27 stakeholders.

Using existing contacts, industry networks and ASIC searches, contact details for 23 potential levy payers were accessed. A number of potential or historic levy payers could not be contacted either because the companies have been wound up or contact details could not be sourced. Successful contact was made with 18 of these stakeholders. An additional stakeholder made direct contact and was consulted on the same basis as the other identified stakeholders.

Consultation outcomes

Those stakeholders with which contact was made received an initial telephone call to outline the proposed levy increase, the rationale behind it and to gauge initial views. Stakeholders were provided details of the proposal by email. A follow up telephone call was undertaken to gauge interest in the proposed increase (negative, neutral positive), whether further information was required and likelihood of participating in the ballot.

Stakeholders were broadly either positive or neutral regarding the proposed increase. Only two stakeholders expressed a noticeably negative view about the proposed increase (Refer Figure 1).



Of the stakeholders consulted only three indicated a definite preference to register for and participate in the ballot.

Appendix 1 presents anonymised (for privacy purposes) consultation feedback.

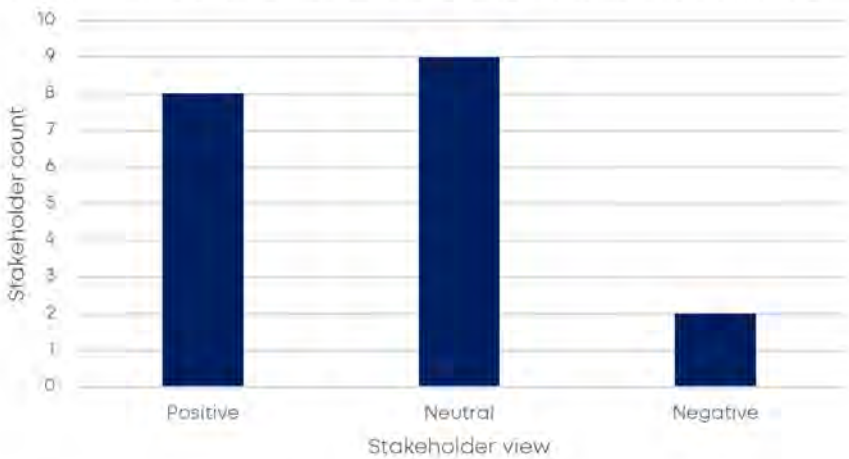


Figure 1: Levy payer views of proposed levy increase

Consolidated stakeholder perspectives

Most of those consulted were aware of the forest growers levy and the fact that they paid it. A slightly smaller subset was aware of the proposed levy increase, which suggests that other communications channels have been effective as a levy payer consultation mechanism.

A number of levy payers noted that they do not necessarily receive an account of their levy payments from the processing or exporting customer. One levy payer noted that some customers include it on their invoice and some don't.

A significant proportion of levy payers consulted indicated that they were unsure of why they paid the levy, what the levy payments were used for and whether it was a state or Commonwealth responsibility.

Related to this point, a number of those consulted expressed the view that state governments should be responsible for funding and undertaking research to support improved forest management. Also, a common theme was whether or not state government agencies paid a levy in the same way that private growers were required to.

A large proportion of those consulted were interested to know how they could get access to research outcomes, participate in research programs and get improved value from the levy payment.



Conclusion

The engagement process has been successful in achieving contact and consultation with a material proportion of levy payers that might not have had access to consultation through traditional industry networks and communications channels. The fact that a good proportion of those contacted were at least aware of the proposed levy increase also suggests that the industry has done an effective job in providing the opportunity to levy growers more broadly to be made aware of the proposed increase and participate in consultation if desired.

In broad terms there is a neutral to slightly positive view expressed with regard to the proposed increase in the forest grower levy, with only two stakeholders strongly opposed.

It is relevant to note that a considerable number of the levy payers consulted were of the view that the proposed levy increase is largely irrelevant to them because they do not anticipate being engaged in future harvest events or are no longer in the industry. We have also made the assumption that a good proportion of the potential stakeholders who could not be contacted or which had wound up the legal entities were similarly no longer involved in the harvest of trees.

This observation highlights some aspects of the nature of the forestry sector in Australia which are important to consider in the context of how easy, or difficult, it is to undertake a broad-based consultation around the forest growers levy.

The most important of these is that, while there may be as many as 600 growers that pay a levy in any particular year, there is only a very small proportion of those (something in the order of five per cent) that are actively engaged in continual harvesting from year to year. The remainder are engaged in one-off harvesting events which are limited in time and generally occur over a period of two years or less. These growers either do not replant to forestry, or replant with a view to undertaking harvest in a further 15 to 30 years or so.


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Appendix 1: Anonymised consultation results

Grower #	Status	Contacted	Summary
1	Grower	Yes	Wasn't aware of the levy or the fact of paying it. Understood the process and desire to see an increase. Reviewed information and determined that would not be relevant as harvest will be completed by 2022 and properties are being sold.
2	Grower	Yes	Vaguely aware of the levy. Information provided. No response to follow up efforts.
3	Grower	Yes	Was unclear of separation between processor and grower levies. Noted it was a big increase. Committed to review and revert. Followed up with phone calls. No further response.
4	Grower	Yes	Broadly supportive and indicated would forward to offshore management but wasn't sure if a response would be forthcoming. Noted that it is a sizeable increase. Keen to understand what types of research and whether industry received all the money or some was kept by government.
5	Manager	Yes	Covers two groups – smaller private clients and a larger asset). Has a high level of awareness about the proposed increase and had seen early versions of the draft material. Is supportive of the increase and its implications for more robust research programs into the future. Noted that is steeling for the cost impact, although also noted that it is dealt with through customers and taken account of in the stumpage prices offered.
6	Grower	Yes	Expressed general strong support for any increase in research. Was keen to know whether the state government agencies also paid the levy. Keen to receive the information and a follow up discussion. Strongly supportive of the levy and of FWPA, including the marketing function. No longer relevant as he will have harvested his final 50 hectares by the end of this summer, although is also a timber importer. May or may not vote but appreciated the opportunity for consultation. Also pleased with the level of industry advocacy integration that is starting to occur.
7	Buyer	Yes	Indicated awareness of both the levy and the proposed increase but didn't have much detail. Explained that provides wood to large processor, which processes the levy on his behalf. Also supplying wood from state forest but conscious that didn't attract the levy. In broad terms indicated support for the levy and the intent to



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			create a larger pool of funds to support research. Willing to participate in ballot.
8	Buyer	Yes	Some awareness of the levy and was very interested to know what research was undertaken and where the levy applied (ie state or federal). Was keen to receive the information and have a follow up discussion. Was also keen to know whether FPCWA paid the levy. On follow up hadn't read the material and didn't require further consultation.
9	Grower/Buyer	Yes	Aware of the levy through processing arm. Supportive and likely to participate in the ballot.
10	Grower	No	Note: contact made by AFPA member
11	Grower	No	Residual company of grower that has sold assets.
12	Buyer	Yes	Aware of the fact of the proposed levy increase but unaware that it was paying any levy, as it is not a grower. Reviewed historic data and noted that harvested approximately 29,000 m ³ of private wood in the 2019 calendar year. He indicated that, if eligible to participate in the ballot, it will be supportive of the levy increase. Followed up internally and decided not relevant because private harvest is now diminished to very small amount.
13	Grower	No	
14	Buyer	No	
15	Same as 14		
16	Grower	No	
17	Same as 5	See #5	
18	Grower	Yes	Was unaware that they paid a levy but had received some information regarding the proposed levy increase. Was keen to see the information and have a follow up phone call. Didn't respond to follow up efforts.
19	Grower	No	Part of larger grower group of companies already consulted.
20	Grower	Yes	Contact made. Noted that no longer involved in timber harvest so not relevant.
21	Grower	Yes	Contact made. Former grower under administration. Harvest completed.
22	Grower	No	Smaller entity of larger grower already consulted


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23	Buyer	Yes	Contact made and information provided. Follow up, levy payer expressed no view either way about the process.
24	Same as 23		
25	Grower	No	
26	Grower	No	
27	Grower	No	
28	Buyer	Yes	Explained they aren't growers, I explained how they are paying the levy. Doesn't know enough about whether it adds value or not and not inclined to get into the detail. Noted it was a near doubling of the levy but supportive in principle, especially given the overall small amount. Asked about whether government agencies should be doing the research work, funded by governments. I noted that government forestry agencies also pay the levy. In future was keen to know how the process works and ideas around value for money. Strongly appreciated being contacted and consulted. Wasn't sure whether he would vote or not.
29	Buyer	Yes	Strongly opposed to any increase. Noted that there is little incentive to invest in private forestry and increases are coming from a range of government bodies while value is decreasing.
30	Grower	No	
31	Grower	No	
32	Buyer	Yes	Is aware of the levy. Noted that he used to receive a quarterly statement from log buyers but hasn't done so in recent years. Was not aware of the proposed increase. Was keen to receive information and have a follow up call. Noted that hasn't paid much in the last five months as market conditions have meant little or no private forest harvest. No response to follow up calls.
33	Grower	No	Note: smaller entity of larger grower already consulted
34	Grower	No	
35	Manager	Yes	Explained that has a longstanding client with a relatively small (400 hectare) plantation in NSW which has been progressively harvested over the last few years. Was surprised his company was indicated, as the invoicing and administration is undertaken through his client's business. However, he expressed interest in receiving the



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			information and indicated support for the levy increase on behalf of his client.
36	Buyer	Yes	Strongly opposed to any increase. Expressed a strongly negative view about any levies or industry payments to government and pseudo-government entities, and industry associations. Was aware of the proposed increase. Made direct contact. However, it is not clear that this stakeholder pays levies directly.

Appendix 10: Plant Health Australia Letter of Support



Main 02 6215 7700
Email admin@pha.com.au
Level 1,1 Phipps Close
Deakin ACT 2600
planthealthaustralia.com.au

5 March 2021

Mr Ross Hampton
Chief Executive Officer
Australian Forest Products Association
24 Napier Close
Deakin ACT 2600, Australia

Dear Ross,

Re: Increase to the forest grower levy

Due to the increasing risk of exotic pests and diseases entering Australia it is critical for the forestry industry to have funding mechanisms in place to facilitate effective biosecurity.

Plant Health Australia (PHA) is appreciative of the Australian Forest Products Association (AFPA) engaging with us during development of the business case to increase the forest grower levy.

As the levy recipient body for the biosecurity portion of the forest grower levy, we express our support for AFPA's proposal to increase the biosecurity levy by \$0.045 per m³ to protect our trees and forests against the threat of exotic pests.

Development of the business case has required a significant amount of time and effort and we commend AFPA for taking the opportunity to simultaneously propose an increase to the Research and Development portion of the forest grower levy.

We acknowledge the very strong support of the forestry industry for the levy increase and trust that this letter provides the required support to enable the increase in the biosecurity component of the forest grower levy.

Kind regards

Sarah Corcoran
Chief Executive Officer

Appendix 11: FWPA Letter of Support



Forest and Wood Products Australia
Level 11, 10-16 Queen Street,
Melbourne VIC 3000, Australia

Telephone: +61 3 9827 3200
Facsimile: +61 3 9927 3288
Email: info@fwpa.com.au

25 February 2021

Ross Hampton
Australian Forest Products Association

Proposed increase to the Forest grower levy for forestry research, development and extension

Dear Ross,

Forest and Wood Products Australia (FWPA) is aware that major forest growers are overwhelmingly supportive of moves to increase forestry RD&E and biosecurity funding through:

- Increasing the statutory Forest grower levy rates for RD&E and biosecurity
- Removal of the \$1.659 million per annum cap on Voluntary Matching funding, and
- Continuing voluntary cash contributions to the Growers' Collaboration Fund for RD&E and non-RD&E collaborative activities.

FWPA welcomes AFPA's proposal for an increase to the Forest grower levy, which will bring a consistent level of funding to complement continued significant voluntary contributions by growers over coming years, and certainty to start rebuilding Australia's depleted forestry research capacity.

The additional funds will provide much needed investment in RD&E, which the industry has identified through a comprehensive engagement process, led by growers. It will bring innovative solutions to managing risks posed by bushfires, pests and diseases and provide resilience in the face of a future climate that is predicted to be hotter, drier and more damaging. Increased productivity and product value through genomic mapping of important commercial tree species, improved silvicultural practices and innovative use of data and automation in operations and supply chains are among the identified priorities that the industry is keen to move on. Concurrently, investing in supporting research providers to build research capacity has been an ongoing theme in discussions and critical for the industry to thrive long term.

FWPA is well-placed to manage the additional investment generated by the levy increase and looks forward to continuing to provide high quality RD&E management to our members.

Yours sincerely


A handwritten signature in blue ink, appearing to read "Ric Sinclair".

Ric Sinclair
Managing Director



Appendix 12: Articles published in forest industry and agricultural sector publications

HAVE YOUR SAY ON THE FUTURE OF THE FOREST GROWER LEVY REGISTER NOW TO VOTE



Go to <https://ausfpa.com.au/forest-growers-levy/>
or email forestgrowerslevy@ausfpa.com.au
or call (03) 6163 8901 by the 6th November 2020


8

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Vote on the proposed forest growers levy increase

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18

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Vote on the proposed forest growers levy increase

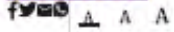
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This is advertiser content for the [Australian Forest Products Association](#).

The Australian Forest Products Association (AFPA), the peak national body for Australia's forest, wood and paper products industry, is asking Australia's forest growers to support a proposed increase to the sector's research, development and extension (RD&E) and biosecurity levies, as an opportunity to increase funding and capacity for vital forest science RD&E and to tackle ever-increasing biosecurity threats.

AFPA, Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) have worked with governments to develop an RD&E and biosecurity proposal that will grow the value of the industry, boost productivity, lower costs and reduce losses from drought, fire, pests and diseases.

Australia's biosecurity threat from exotic pests has never been higher. For example, Giant Pine Scale was discovered in 2015 in Victoria and South Australia and has since been declared un-eradicable in Australia.

<https://www.examiner.com.au/story/6060533/vote-on-the-proposed-forest-growers-levy-increase/?cs=7691>

3

Grower levy increase 'must' to address funding shortfall and biosecurity threats

Eradication of exotic pests in Australia sits at half the global success rate

THE Australian Forest Products Association is asking forest growers to support an increase to the sector's RD&E and biosecurity to address the decline in funding and capacity for vital forest science research, development and extension and to tackle ever-increasing biosecurity threats.

Working with governments, AFPA, Forest and Wood Products Australia and Plant Health Australia developed an RD&E and biosecurity strategy that, if supported across the sector through an increase to the forest growers levy, will grow the value of the industry, boost productivity, lower costs and increase resilience and reduced losses from drought, fire, pests and diseases.

AFPA has backed the proposal and urges all Australian forest growers to support the minor increase which will deliver benefits across the plantation and native forest estates through commonwealth-matched RD&E projects.

“A MISSED OPPORTUNITY TO INCREASE RESILIENCE OF OUR FORESTS



1 Forest protection... Australia's biosecurity threat from exotic pests has never been higher.
2 Ross Hampton... investing in biosecurity will help improve Australia's success rate in eradicating exotic pests.

"With this proposal forest growers have the chance to increase current investment levels for RD&E and biosecurity to grow our renewable industry over the long term, increase the resilience of our forests, and build much-needed RD&E capacity," AFPA CEO Ross Hampton said.

"Australia's biosecurity threat from exotic pests has never been higher," he said. "For example, giant pine scale was discovered in 2015 in Victoria and then South Australia and has since been declared un-eradicable in Australia. This exotic pest may be slow moving but it has a devastating impact on the trees it infests.

"Investing in biosecurity will help us improve Australia's success rate in eradicating exotic pests which currently sits at half the success rate achieved globally.

AFPA is proposing an increase of \$0.13/cub m to the forest grower levy rate, in

that harvest less than 20,000 cub m annually be exempt from paying the levy. If the exemption is successful 96% of industry by volume would be paying the forest growers levy.

The first stage in this process will involve extensive consultation with all forest growers to provide feedback to help refine and further develop this proposal.

Forest growers can offer feedback in the manner that best suits them, for example, one-on-one conversations, telephone conferences and virtual town hall-style meetings.

It is AFPA's intention once there is broad consensus to engage a third party to conduct a ballot in which all potential or existing forest grower levy payers can vote.

The proposed levy increase needs to be agreed upon and voted on by a majority of forest growers who participate.

To register to be part of the voting process and participate in the consultation process visit <https://ausfpa.com.au/forest-growers-levy/> email forestgrowerslevy@ausfpa.com.au or call (03) 6163 8901 by November 6.

Mr Hampton added: "I encourage forest growers across Australia to become involved in the current consultation process and to contact AFPA to participate in voting. Achieving this RD&E and biosecurity levy increase is a critical next step to investing the future of our renewable forest industry."



two parts:

- An additional \$0.085/cub m for forestry RD&E to significantly increase investment in forestry research through Forest and Wood Products Australia.
- An increase to the Plant Health Australia biosecurity levy from \$0.005/cub m to \$0.05/cub m to protect Australia's trees and forests against the threat of exotic pests.

If the ballot is successful and the Australian government agrees, the increase to the forest growers levy would occur over a staged implementation and see up to an additional \$3.45 million raised annually with matched federal funding of up to \$2.55 million.

AFPA is also proposing that small and medium growers

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Forest Growers look for future funding boost

Australia's forest growers are being asked to support a proposed increase to the sector's R&D and biosecurity levy to address the decline in funding and capacity for vital forest science research, development and extension (RD&E) and to tackle ever-increasing biosecurity threats.

A group of forest growers that collectively produce over 90 per cent of Australia's log volume has developed a research strategy that, if supported across the sector through a proposed increase to the Forest Growers Levy, will boost productivity, lower costs, increase resilience and reduce losses from drought, fire, pests and diseases.

The Australian Forest Products Association (AFPA) has backed the proposal and urges all Australian forest growers to support the minor increase which will deliver benefits across the plantation and native forest estates through Commonwealth-matched RD&E projects.

"With this proposal forest growers have the chance to increase current investment levels for RD&E and biosecurity to grow our renewable industry over the long term, increase the resilience of our forests, and build much-needed RD&E capacity", AFPA Chief Executive Officer Ross Hampton said.

"Australia's biosecurity threat from exotic pests has never been higher. For example, Giant Pine Scale was discovered in 2015 in Victoria and then South Australia and has since been declared un-eradicable in Australia. This exotic pest may be slow moving, but it has a devastating impact on the trees it infests. Investing in biosecurity will help us improve Australia's success rate in eradicating exotic pests which currently sits at half the success rate achieved globally."


Forest growers are seeking industry-wide support for an increase to the existing forest growers levy of \$0.135 per m³ of log in two parts:


- an increase to the forestry RD&E levy from \$0.05 to \$0.135 per m³ and
- an increase to the PHA biosecurity levy from \$0.005 per m³ to \$0.05 per m³.

The proposed levy increase needs to be agreed and voted on by a majority of forest growers who participate. To register to be part of the voting process, and participate in the consultation process, please visit <https://ausfpa.com.au/forest-growers-levy/> or email forestgrowerslevy@ausfpa.com.au or call (03) 6163 8901 by the 6th November 2020.

"I encourage forest growers across Australia to become involved in the current consultation process and participate in voting. Achieving this proposed RD&E & biosecurity levy increase is a critical next step to investing the future of our renewable forest industry," Mr Hampton concluded.

Source: Australian Forest Products Association



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32 THE LAND Thursday October 22, 2020

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OPINION

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Royal Shows are integral to the fabric of regional communities and do so much, not only for agriculture, but for the community in general.

Royal Shows play an important role

LAND INSIGHT

BY ROBBIE SEFTON

THERE'S nothing quite like that magical feeling you get after handing over your ticket and walking through the gates at the annual agricultural Royal Show.

After 12 months of anticipation, those first few steps seem surreal as you enter a sensory wonderland offering temptations and treats of all shapes and sizes.

Sideshow alley dominates with its flashing neon lights and whirling machines amid the buzzing sounds of teenagers screaming, children laughing, music blasting and buzzers blaring.

Sprinklers try to tempt your cash to buy tickets for blood-curdling rides or to test random skills such as aiming ping-pong balls into the mouths of rotating

clowns or shooting down metallic ducks, to win soft toys and other prizes.

In other pockets of the sparse arena, judges clutch microphones to talk-up the genetic virtues and aesthetic qualities of cattle, sheep and alpacas, before draping them in bright ribbons of various colours and significance.

Crowds gasp and cheer as sheep dogs herd sheep, wood-choppers chop wood, shearers shear sheep, bumper cars bump cars and horses leap obstacles.

In various pavilions, arts and crafts are displayed with pride along with culinary creations that fill the bellies and minds of city-folk with serving mutually beneficial exchanges of food for knowledge.

But nothing beats that feeling of running into an old friend you haven't seen for

ages - possibly since the last Show - and re-connecting.

As we reflect on the events of 2020, and the Coronavirus stopping Royal Shows throughout Australia - especially those in so many of our regional towns - it's worth remembering and celebrating the reasons why we love them so much.

Royal Shows are integral to the fabric of regional communities and do so much more for people than bring joyous moments through bright lights, sugar treats, animal petting, wild rides and competition victories.

This social interaction cannot be underestimated at this or any other time and nor can the economic value these events provide for so many communities.

Royal Agricultural Society of NSW chief executive Brock Gilmore said the Sydney

Royal Easter Show generated \$250 million in economic activity each year.

And these events don't just happen overnight with many months of planning and preparation involved, creating not only jobs but real purpose for people, support roles such as event judging or organising entry for various competitions.

Congratulations to organisers of the Adelaide & Perth Royal Shows, producing online events this year after the shows were cancelled, and they would first to admit nothing compares to the real thing.

Robbie Sefton has a dual investment in rural Australia as a farmer, producing wool, meat and grains, and as managing director of marketing communications company Seftons.

VOTE ON THE PROPOSED FOREST GROWERS LEVY INCREASE

The Australian Forest Products Association (AFPA), the peak national body for Australia's forest, wood and paper products industry, is asking Australia's forest growers to support a proposed increase to the sector's research, development and extension (RD&E) and biosecurity levies. It is an opportunity to increase funding and capacity for vital forest science RD&E and to tackle ever-increasing biosecurity threats.

AFPA, Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) have worked with governments to develop an RD&E and biosecurity proposal that will grow the value of the industry, boost productivity, lower costs and reduce losses from drought, fire, pests and diseases.

Australia's biosecurity threat from exotic pests has never been higher. For example, Giant Pine Scale was discovered in 2015 in Victoria and South Australia and has since been declared un-eradicable in Australia. Investing in biosecurity will help us improve Australia's success rate in eradicating exotic pests which is half the success rate achieved globally.

An increase of \$0.13 per m³ to the forest grower levy rate is proposed, in two parts:

- an additional \$0.085 per m³ to significantly increase investment in RD&E through FWPA and
- an additional \$0.045 per m³ to the biosecurity levy for PHA to protect our trees and forests against the threat of exotic pests.

The first stage in this process involves consultation with all forest growers to provide feedback to help refine and further develop this proposal. Forest growers are encouraged to provide feedback to AFPA on the proposal and participate in voting. Once there is broad consensus, AFPA will engage a third party to conduct a vote in which all potential or existing forest grower levy payers can vote.

If the vote is successful and the Australian Government agrees, the increase to the forest growers levy would occur over a three-year staged implementation and a significant portion would receive matching funding from the Australian Government.

Register to participate in the consultation and be part of the voting process at <https://ausfpa.com.au/forest-growers-levy/> email forestgrowerslevy@ausfpa.com.au or call (03) 6163 8901 by 6th November 2020.



Tasmanian Forests and Forest Products Network

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Vote on the proposed forest growers levy increase



1



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Vote on the proposed forest growers levy increase



1



WA Forest Communities Network

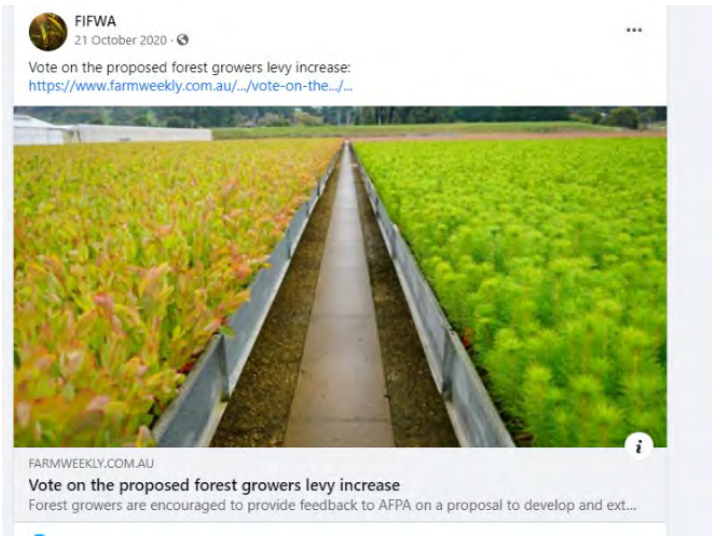
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Vote on the proposed forest growers levy increase








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5

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Forest Growers Levy - AFPA



3




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3


98




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Australian forest growers are calling for an increase in levy to boost RD&E.



FOREST GROWERS LOOK TO THE FUTURE WITH RD&E AND BIOSECURITY FUNDING BOOST - AFPA
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Appendix 13: Letters sent to the Minister for Agriculture, Minister for Forestry and Fisheries and DAWE Secretary. Response letter from DAWE Secretary

4 August 2020



The Hon David Littleproud MP
Minister for Agriculture
PO Box 6022 - Parliament House
CANBERRA ACT 2600
Minister.Littleproud@agriculture.gov.au

Dear Minister

RE: Proposal to increase the Forest growers levy rates

I am writing to you in your capacity as the Minister responsible for agricultural levies to notify you the Australian Forest Products Association is commencing a formal process to prepare a case for increasing the forest growers levy rates.

The forest growers levy was first introduced on 1 November 2007 and covers all logs that are produced in Australia. Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) are responsible for the expenditure of the forest growers levy and if the proposed levy increases are successful, they will also manage the additional funding raised.

On 23 June 2020, AFPA Growers Chamber members unanimously voted in support of the proposal for an independent third party to be engaged to conduct a poll to increase both the current FWPA and PHA forest growers levies. The meeting was attended by industry members representing over 80 per cent by volume of the forest growers levy payers in Australia.

A poll is to be conducted on increasing the R&D or marketing levy and PHA levy on the following:

- plantation logs – exotic softwood (*Pinus* species)
- plantation logs – others
- Other logs

The impetus to increase the R&D or marketing levy is the result of industry strategic planning, culminating in the development of a five-year collaborative forestry RD&E investment portfolio. The research priorities will add value to Australia's commercial plantation and native forest estate through increasing productivity and reducing costs and risk, including those posed by pests, diseases and bushfires. The proposed levy increase for the R&D or marketing component does not exceed the full 0.5% of Gross Value of Production (GVP) for which the Australian Government offers annual matching funds.

The potential increase in funding for the PHA biosecurity levy will help improve biosecurity surveillance measures to protect forest assets in an environment of increasing threat. Industry has funded in conjunction with the Federal Government a National Forestry Biosecurity Coordinator to identify the R&D and biosecurity activities that would add value to the forest estate, reduce costs and minimise potential losses.



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Industry has demonstrated its willingness to support research and development through the fact that the matching funding ceiling has been quickly reached in each year since it has been applied. The removal of the cap is vital to allow research and development of the sector to be on the same footing as other agricultural industries.

Furthermore, the forest and wood products sector is the only agricultural sector with an artificial cap of \$1.659M that limits access to the full 0.5% of GVP in voluntary matching funding. The cap is specified in the *Forestry Marketing and Research and Development Services Amendment Regulation (2015)*. Our submission will include a request and supporting argument for removal of the regulated \$1.659M cap.

AFPA supports our members as they seek to increase investment in forestry research. The privatisation of forestry assets and sharp decline in public funding over the last two decades resulted in a significant loss of expertise from the industry. AFPA members recognise that innovation through research and development is critical in addressing these challenges and investment is needed to rebuild essential research capacity.

I look forward to working with your Department throughout the course of this process and supplying you with our completed business case in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross Hampton', with a long horizontal flourish extending to the right.

Ross Hampton
AFPA CEO

Letter to the Assistant Minister for Forestry and Fisheries

4 August 2020



Senator Jonathon Duniam
Assistant Minister for Forestry and Fisheries
PO Box 6100
Australian Parliament House
Canberra ACT 2600
(e) senator.duniam@aph.gov.au

Dear Assistant Minister

RE: Proposal to increase the Forest growers levy rates

I am writing to you in your capacity as the Minister responsible for forestry to notify you the Australian Forest Products Association is commencing a formal process to prepare a case for increasing the forest growers levy rates.

The forest growers levy was first introduced on 1 November 2007 and covers all logs that are produced in Australia. Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) are responsible for the expenditure of the forest growers levy and if the proposed levy increases are successful, they will also manage the additional funding raised.

On 23 June 2020, AFPA Growers Chamber members unanimously voted in support of the proposal for an independent third party to be engaged to conduct a poll to increase both the current FWPA and PHA forest growers levies. The meeting was attended by industry members representing over 80 per cent by volume of the forest growers levy payers in Australia.

A poll is to be conducted on increasing the R&D or marketing levy and PHA levy on the following:

- plantation logs – exotic softwood (*Pinus* species)
- plantation logs – others
- Other logs

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I look forward to working with your Department throughout the course of this process and supplying you with our completed business case in due course.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ross Hampton', with a long horizontal flourish extending to the right.

Ross Hampton
AFPA CEO

Letter to the DAWE Secretary

25 August 2020



Andrew Metcalfe AO
Secretary
Department of Agriculture, Water and the Environment
GPO Box 858 Canberra ACT 2601 Australia

Dear Secretary

RE: Proposal to increase the Forest growers levy rates

I am writing to you in your capacity as the Secretary to notify you the Australian Forest Products Association is commencing a formal process to prepare a case for increasing the forest growers levy rates.

The forest growers levy was first introduced on 1 November 2007 and covers all logs that are produced in Australia. Forest and Wood Products Australia (FWPA) and Plant Health Australia (PHA) are responsible for the expenditure of the forest growers levy and if the proposed levy increases are successful, they will also manage the additional funding raised.

On 23 June 2020, AFPA Growers Chamber members who pay the forest growers levy unanimously voted in support of a proposal for an independent third party to be engaged to conduct a poll to increase both the current FWPA and PHA forest growers levies. The meeting was attended by industry members representing over 80 per cent by volume of the forest growers levy payers in Australia.

A poll is to be conducted on increasing the R&D or marketing levy and PHA levy on the following:

- plantation logs – exotic softwood (*Pinus* species)
- plantation logs – others
- Other logs

The impetus to increase the R&D or marketing levy is the result of industry strategic planning, culminating in the development of a five-year collaborative forestry RD&E investment portfolio. The research priorities will add value to Australia's commercial plantation and native forest estate through increasing productivity and reducing costs and risk, including those posed by pests, diseases and bushfires. The proposed levy increase for the R&D or marketing component does not exceed the full 0.5% of Gross Value of Production (GVP) for which the Australian Government offers annual matching funds.

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Furthermore, the forest and wood products sector is the only agricultural sector with an artificial cap of \$1.659M that limits access to the full 0.5% of GVP in voluntary matching funding. The cap is specified in the *Forestry Marketing and Research and Development Services Amendment Regulation (2015)*. Our submission will include a request and supporting argument for removal of the regulated \$1.659M cap.

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I look forward to working with your Department throughout the course of this process and supplying you with our completed business case in due course.

Yours sincerely

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Ross Hampton
AFPA CEO

Response from the DAWE Secretary



Australian Government
Department of Agriculture,
Water and the Environment

ANDREW METCALFE AO
SECRETARY

26 August 2020

Mr Ross Hampton
Chief Executive Officer
Australian Forest Products Association
PO Box 239
DEAKIN WEST ACT 2600

Dear Mr Hampton

Thank you for your letter of 25 August 2020 about developing a proposal to prepare and conduct an independent industry poll seeking to increase forest grower levy rates and your intention to ask the Australian Government to increase its contribution to voluntary matching payments.

I note that you have also written to Minister Littleproud and Assistant Minister Duniam about this matter.

I have been informed that my staff are working with staff from your organisation and Forest and Wood Products Australia clarifying the process for developing proposals for levy changes. The department has just released the new *Levy guidelines: How to establish or amend agricultural levies*, which will assist with this process.

Any changes to levies are a matter for ministerial consideration, and your proposal to change the forest grower levies will be considered once appropriate processes have been completed.

I encourage you to continue working with the department on the requirement for developing proposals to change levies and in seeking the necessary industry and government approvals.

Best wishes

Andrew Metcalfe AO

Appendix 14: The postal and Survey Monkey ballot papers

Below is the email packet of information sent to all those registered to vote on the levy ballot. The packet also included the booklet which was also sent to registrants on the 10th November 2020 (see Appendix 6).

From: Natalie Heazlewood <natalie.heazlewood@ausfpa.com.au>
Sent: Monday, 30 November 2020 9:38 AM
To: Natalie Heazlewood <natalie.heazlewood@ausfpa.com.au>
Subject: Vote on the Forest Grower Levy

Hello

Thank you for registering for the forest grower levy consultation process. I am pleased to inform you that the consultation period has ended and the voting process will begin on the 30th November 2020 and run until the 21st December 2020.

As you have chosen to vote via email, you will see below a link to an online ballot, please ensure you complete the ballot **prior to midnight on the 21st December**, any ballots completed after this time will not be accepted. Your answers will go directly to the third party, independent returning officer.

Please vote using the link here <https://www.surveymonkey.com/r/QSWZMTV>

I have attached a letter in relation to the ballot, a proposal brochure and a yes/no Q&A. If you would like more information on the Department of Agriculture, Water and the Environment levy guidelines please click [here](#).

Please do not hesitate to get in touch.

Kind regards

Natalie

Natalie Heazlewood

Policy Manager

PO Box 239, DEAKIN WEST ACT 2600

T: (02) 6163 8901 | **M:** 0477 772 384 | **E:** natalie.heazlewood@ausfpa.com.au

[Website](#) | [Twitter](#) | [YouTube](#)

30/11 Cover Letter from Ross Hampton

30th November 2020



Dear Forest Grower

The time has come to vote on the creation of a new research, development and extension (RD&E) levy and an increase to the biosecurity levy for the forestry industry. This is the turning point for our industry where we can future proof our forests, improve our biosecurity resilience and ensure we have the appropriate funds to make a meaningful difference. The necessity for the levy increase has been highlighted and the process driven by growers.

The forest products industry is regionally based and one of Australia's largest manufacturing industries with an annual turnover of around \$24 billion. It contributes around 0.5 per cent to Australia's gross domestic product and 6.6 per cent of its manufacturing output. Around 80,000 people are directly employed along the industry value chain, with a further 100,000 jobs supported through flow-on economic activity. The value of our industry is not reflected in our current investment levels in RD&E and we are seeking to increase our contribution.

In our meetings, emails and telephone calls we have heard from you and we have listened to your feedback. There is a strong level of grower support for this proposal and it has been great to see the involvement from our industry.

The feedback on the three key elements of the proposal are that you are supportive of the establishment of the following:

- an additional \$0.085 per m³ for a new RD&E fund to be phased in over three years
- an additional \$0.045 per m³ for the Plant Health Australia (biosecurity) levy
- the introduction of a levy exemption for growers who produce less than 20,000 m³ in a year

The proposed overall levy increase to \$0.185 per m³, a \$0.13 per m³ increase, will deliver benefits for all forest growers across Australia and the increased RD&E component has the prospect of being matched by the Commonwealth Government.

Increased investment in RD&E and biosecurity is critical to securing Australian forest grower productivity, profitability, sustainability, resilience and international competitiveness into the future.

Significant challenges exist for forest growers including climate change impacts, fire management, genetics and tree breeding, environmental management, native forest silviculture, plantation nutrition and silviculture practices. The availability of increased RD&E and biosecurity funds will go a long way towards overcoming some of these.

Voting will open on the 30th November and will close on the 21st December, 2020. It is important that you have a say on this critical decision for your industry. All prospective and current forest grower levy payers are eligible to vote. Voting will be calculated on a majority, 50% plus one from levy payers who choose to vote. The independent returning officer will accept ballots by mail that postmarked up until the 21st December, but any votes posted after this deadline will not be accepted. If you are voting online, your deadline is midnight on the 21st December.



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You will find the link to your ballot paper in the body of the email sent to you, if you are unsure about how to vote, please see the attached proposal brochure, yes/no Q&A and feel free to call Natalie Heazlewood from AFPA on 0477 772 384 or visit the AFPA website <https://ausfpa.com.au/forest-growers-levy> for more information.

Kind regards

A handwritten signature in black ink, appearing to read 'Ross Hampton', with a long horizontal stroke extending to the right.

Ross Hampton

AFPA CEO

Information Booklet

What happens if I vote yes or no to the forest grower levy?



Is it compulsory to vote?

- It is not compulsory to vote but we are encouraging all to have a say.

Can anyone see my vote?

- The ballot process is being run by an independent third-party Returning Officer, who is required to maintain confidentiality of votes.
- All postal votes are returned directly to the Returning Officer.
- All email surveys can only be accessed by the independent Returning Officer.

What is my deadline to vote?

- The Returning Officer will accept posted ballots that are postmarked with a date up until the 21st December for a two week period after the deadline but any votes posted after this deadline will not be accepted.
- If you are voting online, the deadline is midnight on the 21st December.

How is the vote calculated?

- Voting will be calculated on a majority to be 50% plus one if levy payers who choose to vote.
- Examples of majority outcomes from a ballot or vote:
 - If 120 people voted, a majority vote in support of the proposal would be 61 (or more) yes votes.
 - If 2,643 people voted, a majority vote in support of the proposal would be 1,322 (or more) yes votes.

What happens if the majority support the ballot?

- Once support is demonstrated, AFPA will submit a levy proposal to the Department of Agriculture, Water and the Environment (DAWE).
- After the levy proposal is submitted to DAWE an objection period of 30 business days will be held.
- The Department will undertake a Regulatory Impact Assessment to determine budgetary implications and provide a brief to the responsible Minister.
- The Minister will have the final say as to whether the proposal is approved.
- If the Minister agrees the new regulations will then need to be signed off by the Governor-General.
- It could take up to twelve months for this to be completed.

What happens if the majority vote NO on the proposal?

- The rate and application of the forest grower levy will continue as it currently functions.



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*The Postal ballot paper (two pages)***FOREST GROWER LEVY BALLOT PAPER**

The purpose of this ballot is to determine whether the forest growers levy should be increased. The accompanying information from the Australian Forest Products Association (AFPA) summarises the proposal.

Individual/Business Name: _____

Australian Business Number: _____ (if applicable)

Approximate area of commercial plantation forest owned/managed: _____ (Hectares)

Approximate area of commercial native forest owned/managed: _____ (Hectares)

Volume harvested (to nearest 100 m³) in the fiscal year (1 July to 30 June):

2018/19: _____ (e.g. 5,300m³)

2019/20: _____

2020/21: _____ (please provide your estimated volume for this year)

If none of the above apply, please detail the volume and fiscal year of your next future harvest.

20___/___: _____

Directions to voters

Place a tick (✓) or a cross (✗) in either of the square boxes provided next to the words 'YES' or 'NO'.

QUESTION 1	QUESTION 2	QUESTION 3
<p>Do you agree to <u>increasing</u> the Plant Health Australia (biosecurity) component of the forest grower levy from \$0.005 per m³ harvested to \$0.05 per m³?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>(If you have marked 'NO' please provide feedback on the reverse)</p>	<p>Do you agree to a <u>new</u> research, development & extension component of the forest grower levy of \$0.085 per m³ phased in over three years (year one \$0.035 per m³, year two \$0.06 per m³, and year three onwards \$0.085 per m³)?</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>(If you have marked 'NO' please provide feedback on the reverse)</p>	<p>Do you agree to the adoption of a minimum annual harvest threshold of 20,000m³ for the forest grower levy as part of these levy changes, such that where a forest grower harvests less than 20,000 m³ in any fiscal year they will be <u>exempt</u>.</p> <p><input type="checkbox"/> YES <input type="checkbox"/> NO</p> <p>(If you have marked 'NO' please provide feedback on the reverse)</p>

Note: In relation to question 3, the proposed minimum annual harvest threshold will only proceed if both question 1 & 2 are supported. If it is supported the exemption for the forest grower levy will be updated to reflect the 20,000m³ annual harvest threshold.

I declare that the above business/commercial forest is or will in the future harvest logs that will be subject to the forest growers levy, and that I am the nominated representative of that business/commercial forest, and that to the best of my knowledge the above information is true and my best estimate.

Name: _____ Signature: _____

Date: _____

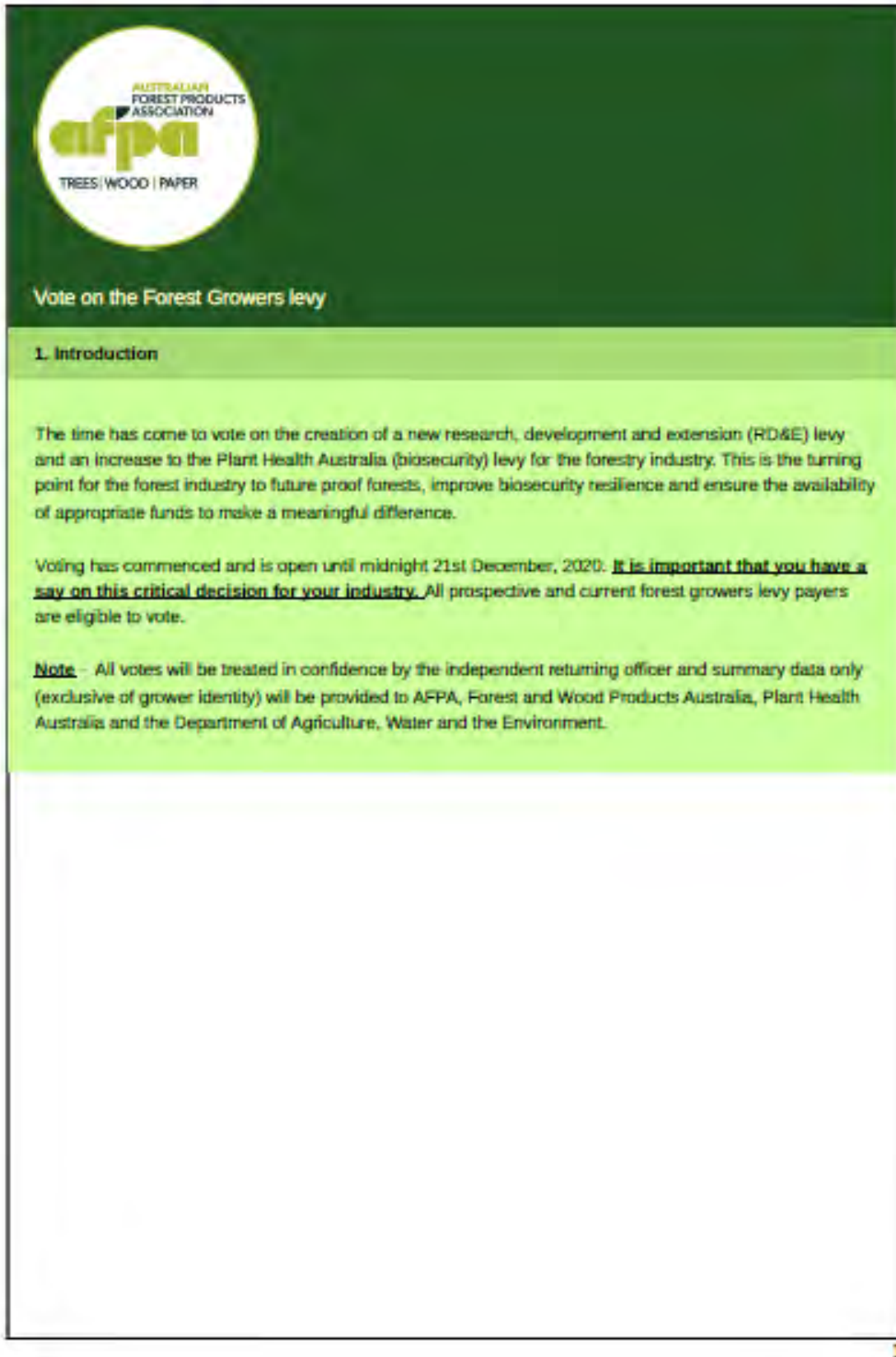
Note - all votes will be treated in confidence by the independent third party returning officer and summary data only (exclusive of grower identity) will be provided to AFPA, Forests and Wood Products Australia, Plant Health Australia and the Department of Agriculture, Water and the Environment.

FOREST GROWER LEVY BALLOT PAPER


If you have voted NO for any of the questions, it would be appreciated if you would provide feedback on the reasons for this:

[illegible]

SurveyMonkey – screenshots



The screenshot shows a SurveyMonkey poll interface. At the top left is the logo for the Australian Forest Products Association (AFPA), which includes the text 'AUSTRALIAN FOREST PRODUCTS ASSOCIATION', 'afpa', and 'TREES | WOOD | PAPER'. The poll title is 'Vote on the Forest Growers levy'. Below the title is a section header '1. Introduction'. The main text of the introduction states: 'The time has come to vote on the creation of a new research, development and extension (RD&E) levy and an increase to the Plant Health Australia (biosecurity) levy for the forestry industry. This is the turning point for the forest industry to future proof forests, improve biosecurity resilience and ensure the availability of appropriate funds to make a meaningful difference.' It then says: 'Voting has commenced and is open until midnight 21st December, 2020. It is important that you have a say on this critical decision for your industry. All prospective and current forest growers levy payers are eligible to vote.' A note at the bottom states: 'Note – All votes will be treated in confidence by the independent returning officer and summary data only (exclusive of grower identity) will be provided to AFPA, Forest and Wood Products Australia, Plant Health Australia and the Department of Agriculture, Water and the Environment.'



Vote on the Forest Growers levy

2. FOREST GROWERS LEVY BALLOT PAPER

Business information

* 1. Your name

* 2. Your business name

3. Your Australian Business Number (ABN) - providing this information will help identify you for the ballot process.

4. Approximate area of commercial plantation forest owned/managed (in hectares)

5. Approximate area of commercial native forest owned/managed (in hectares)

2

* 6. Volume harvested (to nearest 100 m³) in the fiscal year (1 July to 30 June)
If you did not harvest, list zero.

2018/19	<input type="text"/>
2019/20	<input type="text"/>
2020/21	<input type="text"/>

7. If you have not harvested yet, please detail the volume and fiscal year of your next future harvest. (Nearest 100 m³ in the future fiscal year).

<input type="text"/>



Vote on the Forest Growers levy

3. BALLOT PAPER

PLEASE VOTE 'YES' or 'NO' ON THE THREE QUESTIONS BELOW.

* 8. Do you agree to increasing the Plant Health Australia (biosecurity) component of the forest grower levy from \$0.005 per m³ harvested to \$0.05 per m³?

☐ Yes

☐ No

* 9. Do you agree to a new research, development & extension (RD&E) component of the forest growers levy of \$0.085 per m³ phased in over three years? The phased implementation will be \$0.035 per m³ in Year 1; \$0.06 per m³ in Year 2; and \$0.085 per m³ from Year 3 onwards.

☐ Yes

☐ No

Note: In relation to Question 10 below, the proposed minimum annual harvest threshold will only proceed if both questions above are supported. If supported, the exemption for the forest growers levy will be updated to reflect the 20,000 m³ annual harvest threshold.

* 10. Do you agree to the adoption of a minimum annual harvest threshold of 20,000 m³ for the forest growers levy as part of these levy changes, such that where a forest grower harvests less than 20,000 m³ in any fiscal year they will be exempt for that year?

☐ Yes

☐ No

11. If you have voted NO for any of the questions, it would be appreciated if you would provide feedback on the reasons.

By submitting this electronic ballot,

I declare that:

- the above business/commercial forest is or will in the future, harvest logs that will be subject to the forest growers levy and,
- that I am the nominated representative of that business/commercial forest and,
- that to the best of my knowledge the above information is true and,
- forecast harvest events are based on my best estimate.

Appendix 15: Levy Returning Officer's Guidelines

Issuing of ballot papers

AFPA will send out a pack of information either by email or post including, a cover letter, the ballot paper, a proposal brochure, yes/no q&A, and a reply to sender envelope which will have the Levy Returning Officer's (LRO) postal address on it. This will allow all ballots to go directly to the LRO. The email pack will include all of the above and include a link to an online email address.

Confidentiality

The Levy Guidelines state 'Levy payers must be confident that when they express their opinion, it will be represented accurately. For example, postal ballot forms should be handled by an independent party with no interest in the outcome and no motivation to influence the results.'

Levy payers must be confident that expressing their opinion will not have any repercussions for them.

To ensure no breaches, no other person apart from the nominated LRO should see or handle the ballot papers. Where clarification of a vote is required from AFPA by the LRO, the LRO can request AFPA to provide further information but the LRO cannot identify any information that could indicate how a voter voted.

If for some reason votes are received at a different address to the LRO's nominated address, these votes shall be sent to the LRO and shall be regarded as valid if they meet all other verification procedures.

Verifying the ballot papers

To provide information to the LRO to appropriately verify and scrutinise the ballot papers, AFPA will provide the LRO with a list of registered growers and their ABNs/addresses. If a ballot paper is received that differs from this record in a major way, then both AFPA and PHA will be notified in the LRO weekly report. Minor differences to the AFPA records will be accepted by the LRO.

If multiple votes are received for the same ABN, the vote with the earliest postdate on the envelope in which the vote was sent will only be accepted. Other votes received under that ABN with a later postdate/s on the envelope/s will be deemed invalid. If the postdate is not legible on any of the envelopes of votes then the date the first vote received by the scrutineer for that ABN will only be accepted. Other votes received under that ABN will be deemed invalid.

The ballots will be collated at the end of every week, however in the second week there will be two collations. For each ballot the envelope in which it was received will be attached to the ballot by staple. On the envelope the post date and collection date will be recorded and initialled. Each ballot once recorded will be signed and dated by the LRO. A report will be provided by the LRO to AFPA and PHA at the end of each week outlining how the ballot is proceeding, apart from the second week where two reports shall be prepared and whether any doubtful votes have been received.

If a ballot paper is submitted by a business which is not on the AFPA records, then this will be reported to AFPA and a determination made if the ballot paper submitted under the new business name is acceptable (i.e. whether it is an opportunistic grower / prospective levy payer).

Due to the remoteness of some businesses and the time for mail to reach the PO Box of the LRO, the counting process will not be finalised until 12 days after the close of the ballot. Any votes received during this time will be accepted if they meet all other eligibility criteria, unless they are post-dated after the 21st December.

What to check for each ballot form to prevent fraud

When each ballot form is received, the following the steps should occur:

- Ensure that the ballot form has been correctly filled out.
- To ensure that all registered growers have an opportunity to provide a valid vote, all other information on the ballot should be considered in deciding if the intention of the voter can be clearly identified.
- Create an electronic file and record all of the ABN's to ensure that multiple votes are not received for the same ABN.
- Record the votes as per the format provided below.

Scrutineer Statutory Declaration

Once the voting period ends, and the forest growers levy ballot has been formally reported to AFPA and PHA, the LRO will be required to sign a statutory declaration confirming the accuracy of the ballot results reported.

Feedback on why they voted 'no'

Voters are requested to provide able to provide written feedback if they have voted no. Any information contained in this section will be provided by the LRO to AFPA and PHA with all identifying features redacted to maintain confidentiality.

Appendix 16: Final Validated Summary of Votes



Dianne Fullelove *B App Sc Grad Dip Teach*
P.O. Box 913
Kenmore QLD 4069
Mobile: 0413 101 646
Email: dianne@freshgrowth.com.au

28th January 2021

Ms Natalie Heazlewood
Policy Manager
Australian Forest Products Association
PO Box 239
Deakin West, ACT 2600

Dear Ms Heazlewood,

Australian Forest Grower Levy Ballot

The final ballot count for the Australian Forest Grower Levy Ballot which closed on Monday 21st December 2020 was conducted in our office following the closure of the vote, as per the Australian Forest Products Association Levy Returning Officer Guidelines.

I have enclosed for your information my formal declaration of results.

Yours sincerely,

Dianne Fullelove *B app Sc (Horticultural Technology)*
Managing Director

Declaration of Results - Australian Forest Grower Levy Ballot

I certify that the following particulars of the ballot are true and correct:

Number of ballot papers returned for scrutiny:

Electronic	Postal	Total	Valid votes	Invalid votes
52	5	57	51	6

Reasons for invalid votes:

Two entities commenced voting but did not record a vote.

Two votes by a company entity which did not have a valid Australian Business Number.

Two votes by a duplicate company nominee. Only one vote was recorded for each company.

Results of count:

Question 1

Do you agree to increasing the biosecurity component of the forest grower levy from \$0.005 per m3 harvested to \$0.05 per m3?

Number	Yes	No	Valid votes
TOTAL #	46	5	51
TOTAL (% of valid vote)	90.2%	9.8%	100%

Question 2

Do you agree to a new RD&E component of the forest grower levy of \$0.085 per m3 phased in over three years (year one \$0.035 per m3, year two \$0.06 per m3, and year three onwards \$0.085 per m3)?

Number	Yes	No	Valid votes
TOTAL #	46	5	51
TOTAL (% of valid vote)	90.2%	9.8%	100%

Question 3

Do you agree to the adoption of a minimum annual harvest threshold of 20,000 m3 for the forest grower levy as part of these levy changes, such that where a forest grower harvests less than 20,000 m3 in any fiscal year they will be exempt?

Number	Yes	No	Valid votes
TOTAL #	46	5	51
TOTAL (% of valid vote)	90.2%	9.8%	100%

Levy payers were also asked to detail their production data. The table below describes Production X Response for total plantings and harvest volumes.

NB: While this data is an accurate collation of data provided in the voting responses, a small number of valid levy payers chose not to disclose their production or harvest data.

Ques	Response	Approximate area of commercial plantation forest owned/managed (in hectares)		Approximate area of commercial native forest owned/managed (in hectares)		Volume harvested (to nearest 100 m3). 2018/19		Volume harvested (to nearest 100 m3). 2019/2020		Volume harvested (to nearest 100 m3). 2020/2021	
1	Yes	1,046,568	78.614%	157,320	99.746%	23,885,665	97.926%	22,944,784	98.675%	17,800,288	98.341%
	No	284,700	21.386%	400	0.254%	506,000	2.074%	308,000	1.325%	300,220	1.659%
	Total	1,331,268	100%	157,720	100%	24,391,665	100%	23,252,784	100%	18,100,508	100%
2	Yes	1,319,068	99.084%	157,320	99.746%	23,314,365	95.583%	22,545,984	96.960%	17,726,208	97.932%
	No	12,200	0.916%	400	0.254%	1,077,300	4.417%	706,800	3.040%	374,300	2.068%
	Total	1,331,268	100%	157,720	100%	24,391,665	100%	23,252,784	100%	18,100,508	100%
3	Yes	1,329,078	99.835%	156,870	99.461%	24,390,645	99.996%	23,252,704	99.9997%	18,095,308	99.971%
	No	2,190	0.165%	850	0.539%	1,020	0.004%	80	0.0003%	5,200	0.029%
	Total	1,331,268	100%	157,720	100%	24,391,665	100%	23,252,784	100%	18,100,508	100%

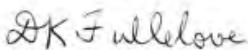
Comments

Survey respondents were asked to provide any comments if they wished. Five comments were received.

If you have voted NO for any of the questions, it would be appreciated if you would provide feedback on the reasons.

1. The research topics proposed are not directly beneficial to our company, we don't agree to increasing a levy for costs of an activity that may be more East Coast of Australia specific.
2. 20,000m3 threshold should apply to landowners/growers, not intermediaries.
3. As collection will be by processors. I do not believe the harvest threshold will make administration simpler.
4. Small growers should still contribute their share.
5. Should be lower. Equal to existing threshold.

Dianne Fullelove



Managing Director
Dianne Fullelove & Associates Pty Ltd

Appendix 17: Independent Returning Officer Statutory Declaration

Australian Forest Grower Levy Change

Statutory Declaration

I, Dianne Kay Fullelove
[full name]

of 242 Haven Road Pullenvale Queensland 4069
[address]

Horticultural consultant, do solemnly and sincerely declare that:-
[occupation]

All votes received as part of the Australian forest growers' proposed levy increase as conducted by Australian Forest Products Association have been correctly documented and tallied according to the voting instructions and eligibility rules outlined in the AFPA Information Booklet (dated: 04/09/2020).

The tallied results for the Forest Grower Levy Ballot are a true and accurate record of all votes received as part of the levy increase process undertaken by the Australian Forest Products Association.

I acknowledge that this declaration is true and correct.

Declared at Kenmore, Qld

this 28 day of January 2021

D.K. Fullelove
Signature of person making this declaration
[to be signed in front of an authorised witness]

Before me,
[Signature]
Signature of Authorised Witness



(eg. Justice of the Peace, Pharmacist, Police Officer, Court Registrar, Bank Manager, Medical Practitioner, Dentist)



**Australian
Forest
Products
Association**

AFPA is the peak national industry body representing the resources, processing, and pulp and paper industries covering the forest products value chain.

AFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp and paper.