

Media Release

4 October 2022

Forest industries welcome Federal Government’s progress on removing barriers to carbon market for new timber plantations

The Australian Forest Products Association (AFPA) has welcomed the Federal Government’s consultation process to remove regulatory barriers preventing new timber plantings participating in the Emission Reduction Fund (ERF), AFPA Acting Chief Executive Officer Victor Violante said today.

“Today the Federal Labor Government has taken a significant step towards delivering on its election commitment to scrap the ‘water rule’ with the release of a consultation paper on changes to the [Carbon Credits \(Carbon Farming Initiative\) Rule 2015](#),” Victor Violante said.

“The ‘water rule’ prevents plantation forestry and farm forestry project access to the carbon market in areas with annual average rainfall above 600mm – thereby holding back much need investment in new timber and fibre plantations in most timber processing regions.”

AFPA has been campaigning to remove this regulatory barrier for many years, as access to the carbon market will be a key driver for growing Australia’s timber plantation estate. New plantations are urgently needed to help Australia meet its future timber and wood fibre needs and make a significant contribution to Australia’s emissions reduction targets.

“The Federal Government has a much-needed goal to get [one billion new production trees](#) planted by 2030 to secure Australia’s future timber and fibre supply for everything from house frames to packaging and paper products. The removal of the ‘water rule’ would be a big step to open up potential new investments and get new trees planted.

“Recent AFPA-Master Builders Australia research highlighted that Australia will be [250,000 new house-frames short](#) of demand by 2050 if Australia’s doesn’t achieve the billion new trees by 2030 goal. That’s cities the size of Newcastle and Geelong combined. Furthermore, Australia has the golden opportunity to ready itself for insatiable international demand for sustainably sourced wood and fibre, with global demand forecast to quadruple by 2050.

AFPA also acknowledged the previous Government’s progress in removing the ‘water rule’ in several key forestry regions. The changes proposed in the discussion paper will see the regulatory barriers removed in the remaining forestry regions, including Queensland, Central West NSW, South East NSW, and the Northern Territory.

“The removal of the ‘water rule’ would be modest and sensible reform to encourage investment in new timber and fibre plantings in key strategic forestry areas nationwide. We encourage anyone with an interest in ensuring we have a sustainable supply of timber and wood fibre to support the removal of the ‘water rule’,” Victor Violante concluded.