

Media Release

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Forest products sector welcomes abolition of carbon market barriers for new timber plantings

Australia's forest industries welcome the Albanese Government's move to abolish regulatory barriers preventing new timber plantings participating in the Emissions Reduction Fund (ERF). The decision delivers on the Government's election commitment to scrap the 'water rule', Chief Executive Officer of the Australian Forest Products Association (AFPA) Joel Fitzgibbon said today.

AFPA has been campaigning to remove the 'water rule' for many years, as access to the carbon market will incentivise investment in Australia's plantation and farm forestry estate which is urgently needed to help Australia meet its future timber and wood fibre needs while making a significant contribution to Australia's emissions reduction targets.

In October 2022, the Federal Government announced a consultation process on the 'water rule' which prevented plantation 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.

"The removal of these restrictions nationally is great news because Australia desperately needs new production tree plantings to grow future timber and wood fibre supply. Today, the Government has delivered for industry by removing these barriers to carbon markets," Joel Fitzgibbon said.

Australia needs [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.

Furthermore, AFPA-Master Builders Australia analysis 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. 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.

"The forest products sector thanks the Government for its delivery of this key commitment. AFPA will continue to work with Minister Watt and other Government Ministers on fibre security strategies which build sovereign capability while helping Australia realise its decarbonisation ambitions," Joel Fitzgibbon concluded.

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