

TIMBER QUEENSLAND MEDIA RELEASE

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Queensland industry welcomes Coalition timber package but still a gap in plantation investment policy

The Queensland timber industry has welcomed the announcement on 14 April by the Prime Minister and Assistant Minister for Forestry, Jonno Duniham, of a \$219.5 million package to invest in R&D and new technologies to expand the sector.

Timber Queensland Chief Executive Officer, Mr Mick Stephens said the announcement was clear recognition of the industry's growth potential and its role in providing renewable products to meet rising demand and support the circular bioeconomy.

"The package announced last week acknowledges the critical importance of the timber industry to the economy and the need to boost our sovereign capability to provide much needed timber materials for our housing and commercial building needs" Mr Stephens said.

The Coalition has committed to:

- \$100 million to establish a new National Institute for Forests Products Innovation (NIFPI) in northern-Tasmania, with up to five regionally located centres nationally
- \$112.9 million in grants to boost adoption of new wood processing technologies to maximise log recovery, process smaller logs and create new products
- \$6.6 million to extend Regional Forestry Hub funding for the 11 hubs

"We welcome the funding to reinvigorate R&D capacity and look forward to an opportunity to boost research in tropical forestry and wood products development in northern Australia. In addition, we value the contribution of the forestry hubs to developing pathways for further growth which can be supported by the program to accelerate wood processing technologies."

"However, a major gap still exists for new plantation investment in a number of growing regions. This package is like supercharging the engine room for value added timber products, but leaving the handbrake on for new plantations", he said.

This is the so-called 'water rule', which prohibits new plantations from accessing carbon markets in the Emissions Reduction Fund (ERF) in areas above 600mm annual rainfall. No other revegetation projects are subject to this restriction.

"The water rule has an additional knock-on effect for the \$1 billion Land Restoration Fund in Queensland, which requires revegetation projects to be compatible with the ERF in order to receive carbon payments, effectively blocking new plantations from participating in the Queensland scheme."

"If this restriction is not lifted, we are likely to continue to see no new investment in plantations in Queensland, given high up-front costs and the long time-period for timber returns."

Timber recycles carbon

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“However, with the bundling of annual carbon payments with timber returns and other benefits such as improved agricultural productivity from livestock shade and shelter, we will likely see stronger interest in new plantations”.

Grazing land within Queensland has been identified as having good potential for new plantations, given large areas of suitable land and the scope for carbon neutral beef for producers.

“The water rule has been progressively removed for a number of plantation regions across Australia, but remains in place in North Queensland, South and Central Queensland, South-East NSW, Central West NSW and the Northern Territory,” Mr Stephens said.

“This is particularly disappointing given the Cooperative Research Centre for Northern Australia in mid-2020 identified this as a major policy impediment for forestry industry growth in the north.”

At the last federal election in 2019, the Australian Labor Party also announced it would remove the water rule barrier to promote new plantation investment and provide a level playing field with other land sequestration projects.

“We have been working in close collaboration with our national counterpart, the Australian Forest Products Association, to fix this perverse policy. We look forward to hearing more from the major parties about this issue in the upcoming forestry industry debate to be held in Tasmania on the 27 April”, he said.

“We just want good public policy consistent with the goals of growing the plantation resource. This barrier should be removed for all regional forestry hub regions within the first three months of the next Australian Government”.

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