

TIMBER QUEENSLAND POLICY STATEMENT

Making sustainability our competitive advantage

September 2006

Sustainability has become a mainstream community expectation that in meeting our own needs today—particularly in how we manage natural resources—we do not make it harder for future generations to meet their needs. Increasingly, the community expects industry to create a ‘net sustainability benefit’ by enhancing our natural resources and their capacity to meet the needs of future generations. Timber Queensland accepts and embraces this challenge, and our commitment here is to ensure that our industry goes beyond sustainable development to generate major net sustainability benefits for Queensland and Australia. Rather than seeing community support for sustainability as a threat we intend to make sustainability one of our competitive advantages. We take great pride in producing a totally renewable product. In recent years the production and use of Queensland timber has become more sustainable than ever before and we plan to continue improving. Our \$2.7 billion industry employs more than 20,000 Queenslanders, and is central to the ongoing prosperity of numerous local communities. We see an opportunity now to build on our existing economic and social contribution with net sustainability benefits—contributions that will enhance the capacity of future generations to meet their needs. This document outlines how we can achieve that goal and it identifies some priority areas for TQ in the year ahead. It is not intended to encompass all items relevant to sustainability and we will revisit the priorities and report on our progress on an annual basis.



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Major sustainability challenges facing the Queensland timber industry:

Queensland faces an increasing number of challenges to the long term sustainability of its natural resources. Many of these challenges pose significant concerns to the forestry sector because of their impact on supply of and demand for timber products. Queensland's population is growing rapidly, our households are getting smaller but our houses are getting larger, so our demand for timber and other building products is increasing rapidly. We anticipate that 1.2 million new houses will be built in this state over the next 25 years and demand for sawn timber is projected to almost double over that period. Meeting that demand with sustainably produced timber is a major challenge for industry and government alike.

Unfortunately, our state's forest resources have not always been sustainably managed over the past century. 30 million hectares of vegetation—roughly 18% of the state—has been cleared over the years under policies that encouraged land clearing. In addition, not all forestry operations managed by the state have been conducted on a sustainable yield basis. As a consequence, Queensland is not in a position to meet the growing demand for timber products from the native forest resources owned by the state government. Plantations have been established, but not nearly fast enough to prevent a large shift towards imported timber and timber products to meet local demand. According to the Australian Bureau of Statistics, overseas imports of forest products into Queensland has more than doubled since 1992. This includes a 400% increase in furniture imports. Much of this timber—particularly sawn timber and furniture—is illegally and unsustainably sourced. Our current 70% self-sufficiency in forest products will fall to 40% unless 500,000 cubic meters of additional timber is provided locally by 2020. This equates to approximately 120,000 hectares of new plantations. It is unlikely that this will be easily supplied from other Australian production.

Against this background, there is also increasing community support for more national parks and tighter controls on how private land is managed. People are understandably concerned about the impact of a range of industries on our state's natural resources, particularly native plants and animals and their habitat. They are similarly concerned about the environmental damage associated with timber imports but lack the information required to make sustainable purchasing decisions.

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Finally, there is the added challenge of climate change to which Queensland is uniquely exposed. First, Queensland is highly vulnerable to the worst impacts of climate change including among others: rising temperatures and sea levels, less water overall, more extreme weather events (floods, droughts, cyclones and storm surges), and tropical disease

outbreaks. In a range of ways, climate change exacerbates the existing challenges to sustainability in Queensland. Second, Queensland's greenhouse emissions are among the highest and fastest growing in the country. We will soon pass NSW to become the largest greenhouse polluting jurisdiction in Australia. Cuts to land clearing in this state can no longer conceal large increases in emissions from the transport and energy sectors. Because of rapid population growth and the structure of our economy we face a relatively more challenging task to achieve absolute reductions our greenhouse emissions—significantly greater than the task facing Australia.

Turning the sustainability challenge to our advantage:

Timber Queensland acknowledges that business as usual is not an option for Queensland, that major changes in government policy are required to reverse the decline in our natural resources and to respond effectively to climate change. Just as the state has reached a crucial juncture, so has the Queensland timber industry. Rather than defend our position in order to protect the status quo, we want to be part of the solution—not the problem. Just as we all want to see our natural resources managed properly such that the needs of future generations can be met, the timber industry also wants a long term future in Queensland. That is only possible if the industry can guarantee that forest management, timber production and timber use are all sustainable. We see an opportunity to do just that and to help Queensland respond to two major threats to sustainability: imported timber of suspicious and unsustainable origin, and increasing greenhouse gas emissions.



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Since the late 1990s TQ has chosen a different path to resource security, in large part because we recognised that native state forest resources could not be relied upon in the long term to meet Queensland demand. Instead we advocated a transition from state forests to an industry primarily based on plantations and private wood. Under the state government's Statewide Forests Process this transition has been achieved in the South East Queensland region already, and will hopefully soon be concluded in the Western Hardwoods

Region. We have also worked with the state government to facilitate rapid expansion in plantation forests. In the past year, all state owned native forests and plantations in Queensland obtained certification under the Australian Forestry Standard (AFS). Significant progress towards sustainability has already been made.

Timber Queensland now proposes the following additional priority steps to ensure that our industry goes beyond sustainability to ensure a net sustainability benefit in priority areas:

Sustainable production and use of timber in Queensland:

1. **Exit all state native hardwood forests and expand plantations:** we reiterate our commitment to follow a different path to resource security. With the support of the government we will transition out of state native hardwood forests within the next 20 years to become the only state in Australia with a hardwood industry that is completely based on plantations and private wood resources.

A particular focus will be the finalisation of a sustainable outcome for the Western Hardwoods Region and the cypress industry under the statewide forests process. Another priority is working to ensure that the necessary incentives are put in place to maximise the expansion of plantations in Queensland, both public and privately funded. Supportive arrangements for managed investment schemes are vital to attracting the capital needed required to ensure that large scale investment in plantations occurs in the timeframe required. A secondary market for MIS investments would go a long way to underpinning long term rotation plantations focused on sawlog production. Queensland currently has about 265,000 hectares of plantations, but at current growth rates, an additional 120,000 hectares of new plantations are required to meet projected demand locally – an increase of almost 50%. Rapid establishment of these plantations and more effective and sustainable management of private hardwood forests will be critical to minimising Queensland's demand for imported timber and maximising the provision of locally grown, sustainably managed and produced timber.

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- 2. No forest management practices that are unacceptable to the community:** we acknowledge community opposition to a range of forestry practices, most of which are not practiced or have already been phased out in Queensland. These include clear-felling of native forest, export wood-chipping of native forests, the clearing (or conversion) of native forest for the establishment of plantations, and the inappropriate use of chemicals such as 1080 against native animals. We also acknowledge community opposition to the logging of old growth forests, forests of high conservation value, and rainforests. We undertake to avoid all of these activities in the context of our transition out of state forests. Similarly most of these practices are not conducted on private land, however where they are essential to meet landholders' legitimate aspirations, we will seek to ensure that industry use current best management practices as portrayed in relevant forest certification standards. This will raise industry practice in Queensland above that required by existing regulations.
- 3. A stronger recycled timber industry for Queensland:** wood is a renewable resource, but it is one that should be recycled wherever possible. Currently only 20,000m³ of timber is recycled each year in Queensland. Far too much wood is disposed of after a single use when it could be reused. Some 270,000m³ ends up in our state's landfills annually. Some of this valuable resource is very durable and of extremely high quality, in many cases originally sourced from Queensland rainforests that are no longer available for harvest (eg sourced from the Wet Tropics).



As a community, we should recycle this resource to the maximum extent possible and landfill should be the last resort. As an industry we acknowledge our product stewardship responsibilities, and the need to consider the life cycle impacts of all of our products on the environment. To the extent that we can minimise these impacts through greater re-use and recycling we do not shirk our responsibility. With the right policy measures implemented by government—such as mandatory disclosure and registers for all potential sources of recyclable timber, pre-demolition

audits, and incentives for the removal of contaminants such that timber can be reused or recycled—we think a 10-fold increase in timber recycling or re-use in Queensland is achievable by 2020.

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- 4. R&D to meet demand in more resource efficient ways:** Timber Queensland recognises that generating 500,000m³ in additional wood locally cannot be done sustainably without innovation as well as careful planning. In addition to expanding the plantation estate, further efficiencies can be gained through: 1) ongoing tree breeding and silvicultural system development to improve forest productivity and wood properties; 2) through the better utilisation of existing plantation resources via more resource-efficient engineered wood products and improved waste minimisation; 3) development of a broader range of products and greater recovery of recycled timber and 4) through the use of emerging technologies that enable us to utilize wood currently grown for fibre for structural applications. R&D is needed in all of these areas and TQ looks forward to working with government and other stakeholders to foster the greater R&D effort required to increase resource efficiency sufficient to satisfy projected demand with a range of locally produced and sustainable products.
- 5. Water and river catchment protection:** As water resources in Queensland come under ever increasing pressure due to persistent drought and the onset of climate change, we acknowledge our obligation to use water responsibly and we also see an opportunity to contribute. The timber industry has not traditionally been a major user of water, and we do not expect this to change. Timber plantations in Queensland are generally not irrigated, and thus they pose little additional pressure on available water supplies. Queensland's summer rainfall which occurs during peak tree growth, combined with the relatively low density of plantations in any one catchment, means that plantations are less likely to impact on water catchments here than in other parts of Australia. Properly designed and located plantations can help to reduce erosion, and ameliorate the risk of salinity in susceptible catchments, thereby improving downstream water quality.

As the plantation industry expands in Queensland in the next decade, effective location of plantations will enable the industry to limit any negative impacts and enhance our contribution in this area. We support the adoption of appropriate measures by the state and federal governments – particularly the use of market incentives for environmental services – that encourage industry to contribute to better protection of river catchments.
- 6. Seek Certification for all Queensland Timber:** Queensland has already obtained certification under the Australian Forestry Standard for the management of both plantations and native forests owned by the state. It was the first state to do so.

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Timber Queensland supported the state government bid for AFS certification which is recognised internationally under the world's biggest certification scheme: the Program for the Endorsement of Forestry Certification (PEFC). Equally, we are aware that the other main globally recognised certification scheme—the Forest Stewardship Council—has commenced the development of an Australian FSC standard covering plantations and native forests, and includes the associated chain of custody for timber. Timber Queensland has decided to join FSC Australia and participate in the development of an Australian FSC standard, with a view to obtaining FSC certification for Queensland forestry operations in plantations, native forests, and for recycled timber. As TQ's 2005 certification policy makes clear, we do not support one standard over another. The marketplace can make its own choices and dual certification can only enhance the sustainability credentials of our Queensland timber. Timber Queensland also seeks the certification of private native forests, with a recent gap analysis indicating that certification is reasonably achievable under either standard. The cost of certification for individual landholders is the greatest barrier, with low cost group certification support systems needing to be developed, and market demand for certified product being critical to warrant landholder investment in formal certification systems. Nevertheless, certification of all Queensland forests will provide further assurance for consumers in Queensland that the locally made product is the most sustainably produced available.

- 7. Support the prevention of illegal and unsustainable timber imports:** TQ supports the federal government's stated intention of stopping illegal and unsustainable timber imports into Australia. In 2005 TQ issued an imported timber policy that called for the strongest practicable measures to block imports of suspicious origin. These must go beyond voluntary measures and capacity building in countries exporting to Australia. Consistent with flexibility allowed for under our WTO obligations, the federal government should implement the strongest possible measures available.

The federal Minister for Forestry has said he will soon issue a proposal that addresses this growing problem. We will continue to work with the federal government and other stakeholders to ensure that the most effective measures available are adopted in Australia. This is essential to provide consumers with the tools they need to make informed purchasing decisions. It will also prevent the market distortion and unfair harm currently being done to the reputations of the vast majority of legitimate timber importers.

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8. **Support improved standards for sustainability in construction:** TQ supports efforts by government and non-government organisations to set standards aimed at ensuring sustainability in construction. We support the stated intention of the Australian Building Codes Board to examine amendments to the Building Code of Australia to ensure sustainability of building materials. Other organisations like the Green Building Council are developing rating tools aimed at providing consumers with information to make sustainable building choices.



Timber Queensland looks forward to working with standard setting and eco-rating organisations to ensure that the goal of sustainable construction is achieved to the maximum practicable extent through full life cycle analysis of building materials including timber. Through existing practices and the sustainability measures outlined here, we are confident that timber produced in Queensland will be acknowledged as among the most sustainable building materials available in the country.

Enhancing Queensland's response to climate change

9. **Support broadly based and nation-wide greenhouse emissions trading:** A price signal on carbon and other greenhouse pollution is essential to ensure that emissions are cut in the most cost-effective manner. With a price signal, preferably a national emissions trading system, the Queensland timber industry could generate a large quantity of carbon credits. An emissions trading system would more appropriately value the carbon sequestration service provided by Queensland forests. In a report recently prepared for the NFF by Allens Consulting, forestry was identified as the sector likely to experience the largest boost in output as a result of a national emissions trading scheme. Sinclair Knight Merz recently estimated that at a price of A\$14 per tonne of CO₂-e the plantation forestry sector is missing out on over \$300 million annually.

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Because 'bio-sequestration' is one of the more cost-effective emission reduction methods in many cases, the availability of carbon credits for purchase from the forestry sector will do more than generate more revenue for the forestry industry. It will also make the significant task of reducing net emissions more affordable for other industries in Queensland.

10. **Expand timber plantations by at least 50% by 2015 to enhance Queensland's greenhouse sinks:** TQ will continue to push for greater public and private investment in timber plantations in Queensland. We have set a target to expand plantations by 120,000 hectares within 10 years – an increase of approximately 50%. As well as taking the pressure off native state forest resources and reducing demand for imports of dubious origin, this can significantly enhance Queensland's greenhouse sinks. Even though plantations are regularly harvested, by steadily expanding the total plantation estate, this can make the task of reducing our state's net emissions more achievable. In addition to generating carbon credits by expanding overall plantation estates, landholders can establish permanent carbon sink plantings on cleared land adjacent to timber plantations. These parcels of land may not be viable for commercial timber harvest for a range of reasons. However, revegetation in these areas can enhance the overall level of carbon sequestered. In this way, Queensland's commercial timber plantations can maximise the production of carbon credits for sale as part of a national emissions trading scheme.



11. **Encourage dedicated forest carbon sink development:** In addition to enhancing carbon sinks through the expansion of commercial timber plantations, a broadly based emissions trading system would create an incentive for permanent carbon sink plantations that do not involve any timber production. Such plantations are already recognised under the existing NSW emissions trading scheme so long as they guarantee carbon sequestration for at least 100 years, although most will lock up carbon emissions for much longer. The potential for plantations explicitly planted for carbon sequestration appears to be greatest in low to medium rainfall areas.

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This maximises the potential natural resource management benefits for landholder. Such activity would enhance Queensland's sinks and provide the state with another cost-effective abatement option. With the establishment of a broadly based emissions trading system, we look forward to current TQ members diversifying to take advantage of this opportunity, and to admitting dedicated carbon sink companies into our organisation.

12. **Support abatement measures that take Queensland circumstances into account:** Timber Queensland supports the application of energy efficiency rating tools to ensure that buildings generate lower greenhouse gas emissions. Building construction is the destination for most of our products and we appreciate the need to reduce greenhouse pollution in this sector.

Unfortunately, some approaches do not ensure lower energy use or greenhouse gas emissions. They ignore emissions generated in the manufacture of building materials, and their assumptions on energy use do not reflect reality or adequately consider Queensland conditions. A focus on thermal mass and energy use rather than greenhouse emissions unfairly discriminates against timber. The Queensland Government has recognised these limitations and rejected such approaches to date. In the absence of a fair and effective national approach, TQ will work with the state government to ensure that energy efficiency and greenhouse emission reduction tools developed for the construction sector are both effective and genuinely applicable to local conditions.

13. **Bioenergy reform:** The lack of a price on greenhouse pollution in Queensland means that there is underinvestment in clean energy alternatives. Through its 13% gas requirement, the Queensland government is encouraging greater investment in energy generated from gas. However, Queensland has vast renewable and clean energy resources that are currently being wasted—sugar cane bagasse, biofuels, geothermal, solar, and wind. Timber industry by-products can also be used to generate renewable electricity and renewable fuels such as ethanol and methanol. This can reduce reliance on fossil fuels and help cut our greenhouse pollution. TQ does not propose the harvest of timber for the purpose of electricity generation. However, wood waste resulting from the harvesting (that is surplus to the NRM requirements of the land) and wood waste from the sawmilling processes (where no other viable recycling option exists) should be used for electricity wherever possible.

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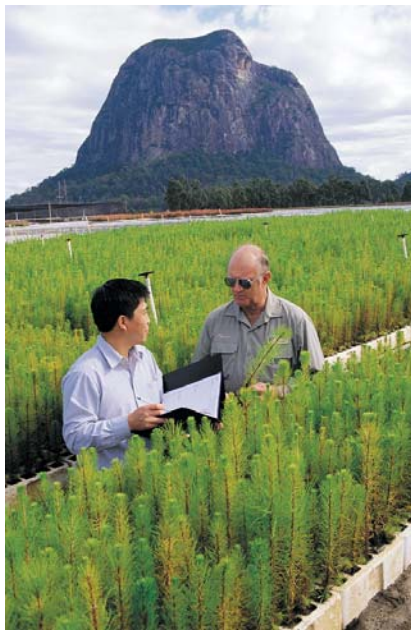
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This includes state owned electricity generation. Such electricity should be eligible to generate credits under any state or federally based mandatory renewable energy requirement, and under any national emissions trading scheme. As well, policies that encourage much greater uptake of biofuels that could be produced from plantation timber should be introduced. TQ believes that an ambitious but achievable Queensland Renewable Energy Target would assist in overcoming the clear lack of incentives for bioenergy, both for electricity and transport. These measures would enable the forestry sector to contribute to Queensland's growing demand for energy and reduced greenhouse pollution

14. **A plantation sector prepared for climate change adaptation:** Increasing land prices on the Queensland coast are a consequence of our growing population and competing land uses. This makes it more difficult to obtain commercial returns in areas traditionally used for most of Queensland's plantations. At the same time, the weight of scientific evidence suggests that climate change will escalate many of the risks traditionally managed by foresters. We can expect drier conditions in many parts of the state



alongside more frequent weather extremes. If we are to generate the additional 500,000m³ of timber locally required to satisfy the state's projected demand in 2020, we will need to invest today in the R&D required to manage these risks effectively. We will need to plant the right species and adapt silvicultural techniques for drier inland conditions where land is more affordable for plantation development, but subject to its own climate change adaptation risks. A joint effort between the State government, research institutions, industry and other stakeholders is required to build on existing work to identify the appropriate species and genetics, the suitable locations, and the optimal silvicultural techniques to meet these challenges. Timber Queensland is committed to supporting this work to ensure that plantation development in Queensland takes place as soon and as sustainably as possible.

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These measures will each enable the Queensland forestry sector to provide a net sustainability benefit. In combination they will provide our state with a valuable legacy. They will have significantly reduced the environmental impacts of our industry whilst at the same time enhancing the scale and breadth of its economic contribution. They will enable the state to meet 100% of its demand for timber with a local product that is completely renewable and sustainable. This will increase the capacity of future generations to meet their needs rather than simply maintaining the capacity of future generations. TQ members look forward to working with government at all levels, and the general public on each of these priorities, and others that emerge.

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