

Monday, 29th January 2007

Mr Carmine Piantedosi
Network Manager
Essential Services Commission
Level 2, 35 Spring Street
MELBOURNE VIC 3000

Re: VAFI Submission to the Essential Services Commission 2006 on Victorian Renewable Energy Target (VRET) Scheme Rules Framework Paper

The Victorian Association of Forest Industries (VAFI) is the peak industry body of the native hardwood processing industry in Victoria. It was established in 1945 under the Conciliation and Arbitration Act 1904-1956 and represents its members' interests to governments, communities and markets.

VAFI is a Registered Organisation under the Workplace Relations Act 1996, governed by a member elected President and Executive Committee.

VAFI's offices are located at Level 6, 50 Market Street, Melbourne, 3000.

VAFI's work includes:

- Representation of members interests to all levels of government, the community, other agencies and organisations;
- Development of policy and industry strategy based on the *Vision 2025*;
- Issues management, communications and public affairs;
- Advice to members on employee/industrial relations, occupational health and safety and environmental management matters;
- Formation and maintenance of major collaborations and partnerships for continuous industry improvement;
- Research, analysis and advocacy of key industry and related issues.

Vision 2025

VAFI's Vision 2025 makes it clear that the industry is committed to sustainability in all its dimensions, economic, environmental, social & cultural and governance.

VAFI's Goal is to have robust and sustainable forest industries in Victoria.

This goal is supported by VAFI's desire for Victoria's forest industries to be recognised as the World's best managed and ecologically sustainable.

VAFI's objectives

These are the essential elements for working towards our goal:

- To work with the State Government & Others to develop policies supportive of robust and sustainable forest industries in Victoria, economically and socially viable, long term, based on innovative, design, technologies and processes.
- For Victoria's forest industries to be world's best managed, ecologically sustainable and recognised as such.
- To work with the Federal Government and Others to introduce polices to restrict imports of illegally and unsustainably harvested timber and redressing Australia's trade deficit.
- To have recognised, native hardwood timber, sustainably harvested, used and regrown, as one of the most environmentally friendly materials we can use. Trees store carbon as they grow and wood based products continue to store that carbon.

In order to achieve our goal and objectives, VAFI is committed to establishing:

- Industry leadership with credibility & recognition around sustainable forest issues and change, especially economic and resource certainty for the industry
- A whole of supply chain presence with co-operation and innovation
- Community understanding & support by working with diverse organisations & voices
- Demonstrable credentials around the best forest management, including multiple values of production forests including ecosystems services, carbon, biodiversity, water, soil
- The case for sustainable native forest industries in Victoria

Native Forestry, Plantations, Farm Forestry should be viewed as part of sustainable land use policy, planning and management incorporating all the dimensions of sustainability, economic, environment, social and cultural, governance. As well, forest industries should be recognised for their contribution to local communities, and infrastructure, from road routes to fighting fires and being mayors and school councillors.

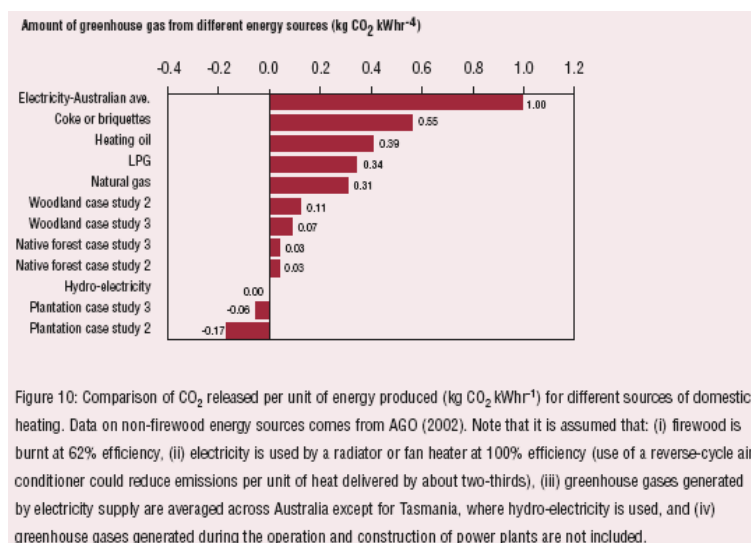
VAFI believes that forest industry products are often discriminated against for ideological rather than scientific reasons. This is especially so in terms of procurement policies and eco-specifications. Consequently, there is a lack of recognition and acceptance of residues from native forest operations as an alternative energy resource. VAFI's policy is clear on this.

Procurement Policies, Ecospecifications & Ecolables

- At the market end of the supply chain VAFI believes the Victorian Government needs to ensure that methodologies, techniques and measures used to assess the environmental qualities and impacts of production forestry and wood must be rigorous, objective, transparent and fair. At present many of these assessments are lacking in credibility, integrity and transparency. It is crucial that all such schemes are analysed by Government, industry and community.

- The State Government must ensure that there is no discrimination against wood and wood products underlying ideological non transparent positions that are opposed to all native forest production.
 - Recognition of wood as a sustainably harvested, used and regrown, as one of the most environmentally friendly materials we can use and consequently:
 - Eliminate any government regulatory and policy settings which unfairly discriminate against forest industries and their products, including procurement policies. This will mean proper analysis of the underlying methodologies and science of any eco-specifications, certifications, ecolabels must take place before policies are established. It also means ensuring that native timber is used and featured in Government policies, projects and developments, including Government buildings and projects ie the new convention centre
 - **Recognition of biomass from approved production areas in native forests as an energy source/crop.**
 - ensuring procurement policies and any eco related labelling are based on transparent, objective, scientific assessments
 - amending 5 Star energy ratings criteria and methodologies to ensure no unfair discrimination against timber/wood-based products especially the recognition of embodied energy
 - supporting the establishment of broad based industry organizations for native timber marketing and promotions.
 - ensuring Government, especially VicForests, actually lead and promote the use of Victorian native timber locally and overseas.
 - re-assessing the real value of structural uses of timber, eg house Red Gum sleepers, residential housing and commercial building construction.

Sustainably harvested wood used in efficient, pollution free heaters is much more greenhouse friendly than any other heating source.



Source: Life Cycle Assessment of Greenhouse Gas Emissions From Domestic Woodheaters. DEH & AGO Sept 2003.

Biomass sourced from our Victorian native forests in production is surely as environmentally friendly as any other renewable energy resource especially if life cycle analysis is applied. VAFI has commissioned a report, see attached “Renewable Energy from Biomass: A Unique Contribution to Greenhouse Gas Abatement”. It is still in draft form and is to be finalised by the end of February 2007.

VAFI believes Victoria’s Forest Industries must be worlds’ best managed, ecologically sustainable and recognised as such. We believe that we are close to this being the case.

Much progress has been made in the conduct of forestry in Victoria over 30 years. See the attached paper, “Continuous Improvement in the Protection of Environmental Values in Public Native Forests in Victoria Since the 1960’s”. Successive Victorian Government’s have ensured thorough and proper regulation of all forestry activities. VicForests has been assessed and is to receive final certification under the Australian Forestry Standard (AFS) in the coming weeks.

Consequently there seems no reason at all that biomass from native forests is not understood and utilised as a sustainable, environmentally friendly resource.

Sustainably harvested wood is the only mainstream construction material that stores carbon, see attached “Forests, Wood and Australia’s Carbon Balance” but as an alternative source crop for energy and heating.

In conclusion, VAFI recommends that this approach be the basis of policy setting for the use of biomass from sustainably harvested native forests/plantations/farm forests. Consequently, we agree with the suggestions in the submission for Wood Products Victoria as set out below.

It is suggested therefore that clause C.7.4 be modified to state:

“Biomass from a native forest which is not an approved production area is not an energy crop”.

In addition clause C.7.3 *Special requirements for wood waste*, part (b) should be modified to read:

An energy source that is wood waste is not an eligible renewable energy source unless:

- (b) if wood waste is from a plantation, or a designated production native forest area, it is:*
 - (i) a product of a harvesting operation (including thinnings and coppicing)*
 - *approved under relevant Commonwealth, State or Territory planning and approved processes; and*
 - *for which no products of a higher financial value than biomass for energy production could be produced at the time of harvesting;*

If you require any further information please contact me on 03 9611 9000. We would appreciate VAFI being included on your database and all future consultations.

Yours sincerely

Patricia J Caswell
CEO

Attach.