

MEMBERS' BULLETIN

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Welcome

This *Members' Bulletin* is intended to keep you up-to-date with ATIF activities. This edition provides some ongoing commentary about current timber product import challenges related to the turbulence in Europe caused by the Russian invasion of Ukraine, and by logistics and shipping difficulties. Also, a quick update on the illegal logging regulations review and the performance review of Forest and Wood Products (FWPA). Also flagged is the makeover of the ATIF website.

Timber supply matters

As previously advised, ATIF has been in discussions with officials from various Federal Government departments about timber product supply realities that have arisen as a result of the invasion of Ukraine. In particular, softwood structural timber import shortages, not only from Russia, but from Europe more broadly, are likely to result in a reduction in the capacity of the Australian timber supply chain to import sufficient quantities of both engineered wood products and solid softwood structural products to meet foreseeable demand.

To progress this issue ATIF has had meetings with the Department of Industry, Science, Energy, and the Department of Agriculture, Water Resources and Environment to discuss predicted timber supply challenges, and possible government and industry actions related to both softwood and hardwood supplies. A meeting was also held with the Housing Industry Association to review timber shortages in the context of building and construction trends.

In relation to softwood timber supply, attached is the interim FWPA report: *Future market dynamics and potential impacts on Australian timber imports* (final report about a month away). The report makes it clear that Australia will have a substantial shortage of softwood timber and says that, because of a persistent and growing gap between demand and supply, on current trajectories Australia faces the prospect of being unable to meet the demand for new housing. By taking immediate action to establish new softwood plantations, the report also suggests that Australia can mitigate the risk and increase its sovereign supply capability.



The report predicts that by no later than 2050 Australia will have:

1. A population between 33.6 and 40.0 million people.
2. New housing demand around 259,000 dwellings per year.
3. 5.2 million additional households whose demography will demand a different housing mix to the current distribution of housing formats.
4. Sawn softwood demand of 6.5 million m³ per annum – almost 2.0 million m³ per year higher than 2021.
5. Local sawn softwood production static at between 3.6 and 3.8 million m³ per annum due to constraints on sawlog supply.
6. An implied gap between demand and local production of 2.638 million m³ per year, equivalent to 40.5% of total demand.
7. To bridge the implied gap, Australia could establish as much as 468,000 hectares of additional softwood plantations, commencing immediately. (This isn't going to happen!).

Illegal logging regulations review

ATIF has also met with the International Forest Policy Branch of the Department of Agriculture, Water Resources and Environment over progress with the review of illegal logging regulations and related matters (further advice to follow).

FWPA performance review

ATIF has made a submission on the performance review of the FWPA as requested by the Department of Agriculture, Water Resources and Environment.

The submission makes it clear that currently, and in the medium-term, issues around the ability of the timber product supply chain to meet the demands of building and construction activity will be the key issue for the industry. Work by FWPA in this area is considered to be essential. The ability of FWPA to articulate the benefits that plantations, natural forests and timber products to make a meaningful contribution towards the Federal Government's climate change targets deserves a greater focus and resourcing.

ATIF suggests that in the future the focus of FWPA should include:

1. The need to identify additional international supplies of both softwood and hardwood timber products that are fit-for-purpose and comply with Australia's statutory requirements.
2. The longer-term implications from the reality that when Australia needs additional timber product volumes, suppliers may have already found other more profitable markets, and may be reluctant to again revert to supplying the Australia market.
3. The need to address the lack of progress related to international linkages with researchers and timber industry bodies involved in standards and building codes. ATIF considers that significant benefits would accrue to the timber industry supply chain if greater effort was directed at 'harmonizing' Australian standards with other comparable country specific standards.
4. Recognizing the benefits of permitting Australian builders to be able to use alternate sizes, initiate research effort directed at allowing other than presently mandated dimension structural softwood timber to be utilized for building and construction.
5. Additional work directed at the possibility of permitting timber grades to an overseas standard, but still meeting the requirements of Australian standards and building codes to be accepted for domestic building and construction use.

ATIF website upgrade

The ATIF website has had a complete makeover. A couple of amendments have already been advised. If your company information isn't correct, please let me know. Also note that ATIF email addresses have been changed.

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