

**FOREST PRODUCTS AMENDMENT BILL 2021**

*Second Reading*

Resumed from 20 October.

**MR C.J. TALLENTIRE (Thornlie)** [11.15 am]: I am very pleased to rise to speak to the Forest Products Amendment Bill 2021. The bill is essentially about generating carbon trading capacity at the Forest Products Commission. That is a great initiative and I commend the minister for pursuing it and creating something that has been talked about for many years. Indeed, I want to take members back to 1998. At the time, I was in my final year of an honours degree in agribusiness at Curtin University. The project that we chose to do was around carbon trading—creating a business plan for an organisation to be at the heart of carbon trading in Western Australia. One of the things we found was that a central body was needed that was able to parcel up various plantations around the state, especially around the south west, the wheatbelt and great southern regions. It needed to have the ability to parcel up sometimes fairly small areas of 10 or 20 hectares, and sometimes substantially more, so that there was a marketable and certified product. We recognised that a number of tree crops could be used for the very important purpose of carbon sequestration. We looked at the potential for softwoods—pine plantations—in the 400-millimetre rainfall zone. We also looked at the areas with under 400 millimetres of rainfall and the landcare plantings that would be essential to the long-term sustainability of agricultural produce in the drier regions, principally for mallee oil production. We also looked at blue gum plantations in higher rainfall zones. We looked at the potential of higher rainfall forestry areas and how they could be incorporated. At that time in 1998, we were of course very much focused on Australia's non-signatory status to the Kyoto Protocol. We were missing out. We were not at the table. We were not able to shape how the Kyoto Protocol was designed to ensure that Australia would get the benefits. It meant that some forms of plantation production were going to miss out on being involved in carbon trading had markets proceeded at that time.

The potential for carbon trading and for Western Australia to be a major repository of carbon through carbon sequestration has been recognised for a long time. It is a promise that has been made to landholders for a long time, but they have not been able to properly access it, except via the voluntary carbon trading market whereby corporations look to offset their emissions through carbon sequestration. The whole system is moving on. It was very interesting to see that my quick online check showed that a European Union carbon trading unit is worth €70, so it is fairly substantial. In the United Kingdom there is a similar system, and I think it is at about £55. There are other carbon trading systems around the world. That money can flow through to landholders. Under this bill the Forest Products Commission can be empowered to ensure that some of our plantation lands can get access to carbon trading markets. This is really important in Western Australia.

I commend the government on the recent announcements made about the \$350 million expansion of the softwood timber industry. That is very exciting news and very important. There are different ways we can go about expending that money to boost our softwood production. One way, of course, is for the government to own the land and plantations. There are other ways as well. The government can encourage private landholders to be in the plantation business. In Australia, this is something we have struggled with—not just in Western Australia but right across the country. We have struggled to get private interests involved in plantation timber production, I think, partly, because private interests in Australia want to see an annual return. If someone is looking at what to do with a 100-hectare area, there is a choice, say, in higher rainfall zones between beef cattle production and blue gum production. On a two to three-year turnaround, someone can make a pretty handsome profit on beef cattle production at the moment. Cattle prices are incredibly high, and that return comes in very quickly. There are various mechanisms by which returns on plantations can be annualised, but it is tricky. We have just not had that tradition. I think in other parts of the world there is a stronger tradition getting private investment into plantations, so that is more fortunate. But the real point here is that through carbon sequestration in plantations that annualised revenue stream can be provided to landholders. That is a great benefit to them. We can use this as an incentive. I see the role here for FPC to be, of course, carbon trading, by which the FPC is a landholder and owner of the plantation, but also the organiser of parcels of land that might be privately owned. It might be a share farmer arrangement by which a private landholder retains ownership of the land, but then they are in partnership with the FPC for the ownership of the plantation timber. Now we can also have the FPC perhaps owning the carbon values and then trading in those. This has a lot of potential to develop new revenue streams for people involved in the plantation sector. I find that very useful, because, there is no doubt about it that in a state like Western Australia we need all the incentives possible to be independent and have our own timber production—we really do. I shudder when I hear about the volume of timber being imported into Australia. I look at all the land we have often going to cropping programs. They are perhaps profitable one year—we have windfall years—but then in other years they do not do well.

**Mr P.J. Rundle:** How much timber are we going to have to import after your recent decision though—Indonesia, South America?

**Mr C.J. TALLENTIRE:** Member, I have just made the point that with this legislation we are giving people—private landholders, perhaps the member's family—the chance to get involved in plantation timber production. Traditionally

in Western Australia people have recoiled from that idea because they cannot get the annualised payment. If they are involved in trading or selling the carbon value in the plantation, that is the part of the planation system that could give an annualised payment. That is what I am hopeful for. I am not sure whether the member's family is involved in higher rainfall zones. If they are in the lower rainfall zone, it might not be so straightforward, and that is where we have to look at things like oil mallees. Oil mallees were very popular. I recall meetings with a gentleman by the name of John Bartle from the then Department of Conservation and Land Management. Indeed, he worked closely with the then director general of that agency, Syd Shea. The agency had great enthusiasm for getting into carbon sequestration in the lower rainfall areas principally through oil mallee production. The carbon value was in the oil mallees and the producer was to eventually gain revenues through harvesting the oil mallee so it could go into a system that would generate electricity from the oil mallees. It is something I believe at the time Western Power was very enthusiastic about. The member for Roe might have more recent intelligence on this than I have.

**Mr P.J. Rundle:** Most of it fell over.

**Mr C.J. TALLENTIRE:** Was it the oil mallees or the plant?

**Mr P.J. Rundle:** The Western Power generation plant.

**Mr C.J. TALLENTIRE:** Yes; it is a shame. I think longer term, there is potential for that kind of industry and that basic principle whereby there is this kind of biomass. Thanks to the government's decision around no more native forest logging, we can now move on from the fear a lot of Western Australians had that if we were involved in any form of biomass energy, we would be going into native forests. We can move on from that and we can now talk about biomass energy, and the community can have confidence that the biomass energy is coming from plantations. That is a huge step forward. I am immensely excited about that because I really believe that biomass production can play a role in achieving zero net emissions from the electricity generation system. We are seeing a really exciting development as a consequence of the new policies on native forest logging.

The member made me think also of another really exciting issue that will arise thanks to the government's decision to cease native forest logging in public forests. I think it will turn around the attitude of private landholders to native forest and bushland on private land. A substantial amount of bushland and native forest in this state is on privately owned land. At the moment, the management status of that land really worries me because there is not necessarily the financial incentive for people to look after bushland and forestry on their property, even though most enlightened landholders will say locking up the bushland is essential to the good hydrological management of their property. They will know that the water quality in farm dams close to heavily wooded areas will be good, whereas if clearing is done all around the area, there will be high salinity levels in dams. I think that sort of good general farm management practice is widely understood.

Nevertheless, when I travel through the wheatbelt, the great southern and the south west I sometimes see areas in which there is some great vegetation, great forestry—jarrah, marri and karri combinations; various bushland ecosystem types that are not fenced off. Stock go in there, which is fine for a time but it means that if that situation is allowed to continue for an extended period—I am talking about 50 years—there will not be the recruitment of new plants that will turn into trees. I think the long-term prognosis for those areas of vegetation could be quite bleak. That will mean there will be areas serving a very valuable hydrological function in the landscape-treed areas. Next time people drive out through the wheatbelt or the great southern and see an area that is not fenced off, the chances of that area surviving in the long term might be quite low. It will depend on the land management practices of the landholder. There might be no livestock on the property. That is a common situation, in which case there will be no risk but in many areas the long-term prognosis will not be that good for areas of native vegetation. I also commend the government on the native vegetation policy that is in development. That is something that we really do need.

This is exciting news for us because it means that private landholders can see that their native forest and native vegetation has an economic value, whether it be through eventual carbon trading or, perhaps with careful management if it is on private land, the potential for very careful harvesting of the timber for the high-value timber market. The industry has long suffered from the sense that too much of our native timbers have been put to low-value use. That has hung over the industry for far too long. We will remove that by ceasing native forest logging in state forests. People will not have to worry about whether the timber is put to some sort of low-value use or biomass production. We have removed that doubt. This means that other sectors that want to produce timbers for various functions can move on and make great progress. That is very positive.

I have gone back a little into my history. In 1998, I was doing an honours project and saw the exciting opportunity that could be had through carbon sequestration, but I will go back even further. This is especially relevant to me at this time of year—late November. I am thinking back to 1980, when I had just done very poorly in my final year exams at school—I did not have the results but I knew I had done poorly. I had managed to line up a job on the wheat bins. The first wheat bin job I got was south of Lake Grace at a place called Kuringup—a wheat belt about 30 kilometres south of Lake Grace, but it might as well be 300 kilometres south. It was surrounded by very corrugated roads. In 1980, I somehow managed to make contact with somebody else on a bin nearby. I remember

piling into a little Toyota Corolla and dealing with the heavily corrugated roads to get to Lake Grace and then this wheat bin at Kuringup. The landscape was, from an agricultural perspective, fairly productive. The Halberd wheat variety was giving good yields and we were doing quite well in terms of grain receivals at the bin, but there was something about the landscape that was—I hate to use the word because it sounds a bit severe, but it is the only one that applies—desolate. It was a somewhat desolate landscape. I recall one of the families from down that way, the Rosenbergs, and how active David Rosenberg—I think it was David—had become and the passion he developed in land care to save his property from salinity problems and to turn his business around.

[Member's time extended.]

**Mr C.J. TALLENTIRE:** Landcare planting was done in that area to maintain good soil health and retain agricultural production capability, which is very important.

When it comes to carbon sequestration, some categories of sequestration will be much more efficient in terms of tonnes per hectare than others. Those areas with plantations of *Pinus pinaster* or *Pinus radiata* will be very efficient and, likewise, any blue gum plantations, but the lower rainfall zones also have potential. Carbon sequestration capability in that area has been studied. I recall in 1988 how extensive the studies already were on what the typical per hectare sequestration rate was. Over the last 23 years, we have seen the evolution of remote sensing techniques to calculate how much carbon is stored in different areas. These techniques have now reached a level of sophistication that makes it a very robust system. It means that landholders can be paid quite accurately and those who want to offset their emissions, can be confident about the quality of the sequestration units that they buy in to. It is another positive opportunity for good, sustainable land management in Western Australia that we have this emerging carbon. The role for the Forest Products Commission in that will be one of scale and great expertise that it brings to this task and one that means we have a well-recognised and sought after product.

The whole journey is towards carbon sequestration, carbon trading and emissions trading. One of the biggest disappointments in my political career was on 30 November 2009, I think it was, when the Australian Greens and the right wing of the Liberal Party combined to overturn Malcolm Turnbull, the federal opposition leader at the time, to stop the carbon pollution reduction scheme that the Rudd government had developed with Peter Garrett, the then environment minister. It was an excellent scheme but that did not go ahead. Australia still does not have a carbon trading scheme in place. I do not understand the line of reasoning of the Greens at that time. Something that is not often spoken of is that that event happened just before the Copenhagen Conference of the Parties meeting in 2009. I think that had Kevin Rudd been able to lead the Australian delegation at that conference and say that Australia, a nation that is based on a resources intensive economy, an emissions intensive economy, had devised a carbon pollution reduction scheme, that Copenhagen conference would have had a very different feel to it. It would have led to a much more positive outcome for that conference and could have really changed the trajectory of things. We are still paying the price for that. I do not think it was too big an ask. At the time, Australia's potential role on the global stage, especially as an emissions intensive economy that was in a position to show that we could have an emissions trading scheme in place, would have been immensely powerful and instructive to the global community and could have made a huge difference. However, here we are, post-COP26 in Glasgow, hoping that we can still keep global temperature rises within reasonable limits.

Our contributions will have to come from all kinds of avenues. This contribution from the FPC will not of itself solve the nation's greenhouse gas emissions. We will need many other initiatives. We must be careful when we estimate what the carbon sequestration capability of Western Australia is with plantations. There is a limit. It is a finite resource. I think that is why the global carbon market prices are going up. Some emissions trading schemes are based on tradeable certificates that do not necessarily connect directly to the sequestration of the carbon; it is about allowable permit levels. However, there can be a connection and the amount that can be sequestered in physical amounts in trees is a finite resource and should be treated as precious. That is where the value, the return, to landholders will become very exciting. As a finite resource, it will be sought after and prices will go up. With the capability that I have spoken of and the knowledge about sequestration levels that we have built up over the years, we can have a high degree of confidence in Western Australia's carbon permit levels. That will feed into a national system sometime, no doubt, and that will inspire private landholders to join in. To get back to the point the member for Roe raised, we will have a stronger plantation sector that can meet the needs of Western Australians and the Australian community and provide for the timber production levels that we so desperately need.

I am very pleased to support this legislation. Forestry is very much of interest to the broader community, including how we go about meeting our timber needs, preserving our environmental assets and being good global contributors. This legislation will enable the parcelling up of the various lots of plantations, which I talked about earlier, so that they will be a marketable commodity of carbon units. We will have a new industry that we can all embrace and be confident in while at the same time use as the basis for repairing much of Western Australia's degraded land. Members opposite might have some more up to date figures, but I understand that our south west, great southern and wheatbelt areas have about 18 million hectares of potentially arable agricultural land. Of that 18 million hectares, various projections estimate that one-third of that land could be lost to salinity if we do not put in place good

remediation practices. To see potentially six million hectares removed from production through salinity problems is terrible.

**Mr P.J. Rundle:** You know that when you plant a pine tree in a saline area it dies a few years later once it gets its roots into the saline area?

**Mr C.J. TALLENTIRE:** I am disappointed that the member for Roe made that comment. I thought I made it pretty clear that when looking at remediating the landscape, we must look at the rainfall levels. Of course we would not plant a pine tree plantation in a low rainfall saline area. We would look at the rainfall levels in the area being planted and at the salinity levels. We could look at planting some of the saltbush species—I cannot recall their botanical names—which would be ideal for the initial remediation that the member talked about. Other deep-rooted perennials, such as tagasaste production, have been very positive for some areas and provide good fodder crop for beef cattle. We talked earlier about how valuable beef cattle are these days. There are all kinds of ways to remediate land. To simply suggest that pine trees will not grow in saline country is stating the obvious. Many techniques can be used that require a very tailored approach to things. A property could have a 40-hectare pine lot that would be perfect to act as a hydrological pump in the landscape to lower the salt level, and that could have an impact further down the landscape where another treatment such as a tagasaste plantation area is used. All sorts of techniques can be used.

This legislation is about making sure that we respond to the challenges of climate change. At the very local level, it will provide new revenue streams for private landholders who want to diversify their properties and, most importantly, make sure that their properties are more agriculturally productive. Many of the most enlightened landholders are very keen to see a connection between annual bottom line accounting and the longer term sustainability of their property. I am very pleased to commend the bill to the house.

**MS E.J. KELSIE (Warren-Blackwood)** [11.44 am]: I rise today to speak in support of the Forest Products Amendment Bill 2021. The Forest Products Amendment Bill 2021 amends the Forest Products Act 2000. In doing so, it will support the state and the lucrative carbon offset markets, generating revenue and securing jobs in the carbon industry in Western Australia in the future.

It is an honour to be part of a government that has made a commitment to transition the Western Australian economy to net zero greenhouse gas emissions by 2050. While the world watched in disappointment at the Liberal government's inaction at the COP26 summit, with reports highlighting Australia's ongoing status as a climate laggard under Scott Morrison's reign, I am proud to stand as part of the McGowan Labor government that acknowledges, understands and accepts the science underpinning our actions to mitigate climate change. We are part of a government that acknowledges climate change—a government that has already played a significant role in protecting our environment and will continue to do so. We are protecting our natural assets for our communities and we will leave a lasting legacy for future generations. We understand that those working in the industry need support to transition. We are right beside them, listening to their ideas, working together to ensure that we minimise the impact.

In the recent state budget, the McGowan Labor government demonstrated its commitment to act by committing \$750 million to its climate action fund. The fund contains a suite of measures to help shape climate-resilient communities, create low-carbon jobs, develop new industries and develop a low-carbon future. The Forest Products Amendment Bill 2021 will assist and enable the drive for community resilience and sustainability. One of the purposes of the bill is to provide the Forest Products Commission with the ability to own, deal and trade in carbon assets related to plantation resources. The climate action fund builds on the Western Australian climate policy and includes a record \$350 million to significantly expand the state's softwood estate over the next 10 years. This investment will help create and secure local jobs and ensure a strong, sustainable timber industry into the future. Sustainably produced WA plantation timber will play a key role in our climate change battle. Plantation timber is renewable and has the potential to sequester millions of tonnes of carbon dioxide from the atmosphere. It is estimated that the government's \$350 million investment will provide an additional 33 000 hectares of softwood timber plantation. It is worth noting that when the opposition found itself in government, we saw the decline and near decimation of the plantation timber industry under its watch. Around 50 million pine trees will be planted, sequestering between 7.9 million and 9.5 million tonnes of carbon dioxide equivalent. I am proud to say that 50 million pine plantation seedlings will be grown and managed from Manjimup.

Over a 10-year period—from 2009 to 2019—5 728 hectares of softwood pine was planted in WA. Members, did you know that of the 5 728 hectares planted over those 10 years, 4 324 hectares was planted under the McGowan Labor government over a three-year period from 2017 to 2019—three years? Meanwhile, a measly 1 404 hectares was planted under the Barnett government, over eight—yes, eight!—years. History tells us the woeful tale under the Barnett Liberal government when we had periods of no softwood seedlings being planted. Under the Liberals, in 2010, five hectares were planted; in 2011, five hectares; and in 2012, zero hectares were planted—not one. Yet yesterday the member for North West Central had the gall to try to educate members. On 8 September in this place, he said that it takes 25 years to grow a pine tree. We know that. We know that we need to get cracking, because when the previous government was in power, the industry was being decimated. That government was eyeing off the east

coast to supply timber to the construction industry. In contrast, our \$350 million investment in softwood will create about 140 timber industry jobs, protect the roughly 1 980 existing jobs mostly in the south west timber industry, and support many thousands of jobs in the state's construction industry, which depends upon the reliable supply of softwood timber.

**Mr P.J. Rundle:** What are you doing in the intervening 25 years while we are waiting for the trees to grow?

**Ms E.J. KELSIE:** Just today, the Minister for Forestry announced that an additional 12 000 tonnes of structural pine will be made available over the next three months for Western Australia's timber manufacturing industry and the state's building and construction sector.

Our government's strong management of COVID-19 has resulted in Western Australia having one of the strongest economies in the world. Our WA recovery plan has supported an unprecedented boom in WA's building and construction sector. To support the boom, we have arranged for the Forest Products Commission to bring forward 12 000 tonnes of WA-grown softwood logs from future supply commitments to help meet the current increase in demand for timber in local construction. This reinforces how important it is for WA to have a sustainable, long-term and local supply of softwood timber.

With this bill, the state will have the ability to receive revenue from the sale of carbon assets in rapidly evolving markets, in addition to revenue from traditional forestry sales. Without this bill, the Forest Products Commission would have no rights in respect of carbon assets and would be restricted to dealing with physical forest products, such as log timber. The bill will also empower the Forest Products Commission to purchase land for the purpose of establishing plantations, which will drive the development of this growing state industry. The purchase of land will be based on commercial decisions and will not, as some have incorrectly spouted, be a buying frenzy of prime agricultural land to be replaced by pine plantations that will decimate towns. That is complete nonsense.

I recently met with mill owners, forestry workers and stakeholders, and will continue to do so. I will continue to assist, support and work to empower the communities and those affected by the transition away from commercial-scale logging in south west native forests. The scientific evidence is clear that climate change has resulted in a decline in the yield of timber from the state's native forests, a slower than expected regrowth of native timbers and the loss of habitat and biodiversity. If we continued along the same path, the declining yield of native timber, meaning less sawlog and other bole volume of timber from a given area of forest, would mean that larger areas of forest would need to be harvested to fulfil contracts. On a visit to Parkside Timber in Nannup earlier this year, it was clearly articulated to me that there was a lack of timber. It was apparent that business as usual was simply not an option.

For some, the historical announcement of the McGowan Labor government that it would stop commercial-scale logging in south west native forests was unpalatable. For others, it was a reason to celebrate. It is totally understandable that industry stakeholders have many questions and want clarification of the changes to industry, potential industry diversification and transition plans towards a different forest management plan. The Native Forestry Transition Group has now been formed. The first meeting has been held, with a second to be held in Bunbury. The group is made up of representatives from industry, the state government, the community and unions. It includes presidents from each of the Shires of Bridgetown–Greenbushes, Manjimup and Nannup to represent their respective towns and help identify the opportunities ahead. Representatives from the Forest Industries Federation (WA) Inc are also part of the group. The group will work with business, industry and the community on the just transition plan to support affected workers, businesses and communities. The government made a conscious decision to not pre-design the plan, but provide an investment of \$50 million to support affected workers, businesses and communities with links to the native forest industry in the south west. A number of initiatives could be part of the plan, including redundancies for affected workers, retraining and reskilling, new industry attraction, support for existing businesses, and investment in new technology to maximise the use of timber that will continue to be harvested.

It is worth noting that some forest activities will continue. That includes ecological thinning for forest health. Some forest areas will continue to be harvested as part of mining activities. These activities will produce a limited number of sawlogs and will continue to provide residue material. The Department of Biodiversity, Conservation and Attractions will provide indicative volumes for the next forest management plan before the end of the year. The volumes of timber to be harvested will be outlined in the next forest management plan.

The bill contains a number of ancillary provisions. These include allowing the Forest Products Commission to sell land and premises it owns, and amending the reporting provision to provide for the FPC's new functions. The bill will further validate land purchases that the Forest Products Commission made in good faith prior to this bill.

This is an opportunity, not a death sentence, fuelled by diversification and futureproofing for generations to come. I will continue to work with workers and businesses in my electorate to make sure they are supported through the transition to a diversified, sustainable industry for businesses and the environment alike.

I commend the Forest Products Amendment Bill 2021 to the house.

**MR P.J. RUNDLE (Roe)** [11.55 am]: I thought I would make a contribution prior to our main speaker, the member for North West Central, on the Forest Products Amendment Bill 2021. I have some concerns about some of the statements that have been made by the government. The first is that the government is now going into buying land, and will be spending \$350 million to do so, for the purpose of farming the trees. What I think would be more logical would be to come up with a strategy to encourage farmers to plant a crop of *Pinus radiata* trees or the like.

**Mr D.J. Kelly:** So you're opposed to the \$350 million being invested?

**Mr P.J. RUNDLE:** Beg your pardon?

**Mr D.J. KELLY:** Are you opposed to the plan for us to spend \$350 million?

**Mr P.J. RUNDLE:** I am not opposed to the plan. What I am saying is that I have concerns, especially about some of the issues that have been raised today. From my perspective, I think it is important to look at the past performance of the Forest Products Commission in the management, especially, of some of its timber plantations. There is a scenario here where farmers are sceptical. That goes over a variety of governments. I am not talking about Labor or Liberal; I am talking about a variety of governments over time. For argument's sake, the *Forest Products Commission annual report 2009/10* states that in connection with its share farming agreements with individual farmers —

A decision was made in early 2010 by the government for FPC to exit from its sharefarm activities.

My concern is that as time goes by, with different varieties of politics and different forms of government, we do not ever seem to be able to have a continuity that will go on for 30-odd years. The real concern for me is the time that it takes.

**Mr C.J. Tallentire:** Can I make a point? That difficult patch that you mentioned there, wasn't due to the managed investment schemes and the problems that occurred around that?

**Mr P.J. RUNDLE:** That plays into it, certainly. What I am concerned about is the government's purchase of cleared land, especially in areas of over 600-millimetre rainfall, on which to plant these trees. I think that will be a very tough contract for the government.

I want to flag my concerns, and give some examples of what has happened in my electorate in relation to the performance of the Forest Products Commission. That has occurred, as I said, over both flavours of government. That is what I am concerned about. I am worried about changes, such as what we have seen with the native forest industry, where one government might arrange for something to be done, and another government comes in and changes the rule book. This is when farmers can lose their land for 30-odd years. I know that the bill is about the purchase of land, and I understand that. But I have had contact from people who say that it may be a better arrangement to actually encourage farmers to plant pine trees, as they do in New Zealand, with better management arrangements and better quality of work from the Forest Products Commission because, in the past, the Forest Products Commission has failed to manage plantations on private properties. Therefore, will there be better resourcing of the Forest Products Commission to go with this legislation?

As we saw at the meeting in Katanning, which I will tell members about shortly, there was a real flavour there of people being disappointed with the performance of the Forest Products Commission and the way that it has acted over the last 10 or 20 years, through both governments. My concern is that if the Forest Products Commission is given greater purchasing power with a focus on gaining carbon trading credits and locking in private property plantations, but it is continually mismanaged, where are we going to be in 30 years' time?

I would also point out that at the moment the companies that pine goes to are WESFI/Laminex, which is a 100 per cent New Zealand-owned company, and Wespine Industries, which is a 50 per cent New Zealand-owned company. We are doing all this work, but then we have New Zealand-owned companies at the next stage of manufacturing. Therefore, I welcomed the minister's announcement this morning to increase the supply of pine, because I think that, as we all recognise, we have shortages in the building industry at the moment and more pine is needed out there. In the building industry, it is very well recorded that we have shortages of everything, not just pine, but steel and the like. My question is: will the state government take any responsibility for FPC overselling the resource in time to come, and making promises of big returns to potential landholders? I am looking for clarity, I guess, on how the state government will actually get boots on the ground and how it will manage these plantations. That is something that I am looking to the minister for reassurance about.

I just want to talk about a couple of incidents in my electorate. The first one is the Synergy reforestation project, between FPC and Synergy, which commenced in 2008. The aim of the project was to plant more than 5 000 hectares of trees on rural landowners' properties as part of Synergy's emissions offset strategy. According to Synergy's annual report, in 2014–15, Synergy was no longer involved in the Synergy reforestation project. It had left the Forest Products Commission to administer the project and to be responsible for managing any agreement. Recently, I wrote to the minister about a landholder's farm near Ongerup. For 10 years, the FPC has not been on the site and Synergy has never been on the site, and that landholder has received no correspondence since 2009. This is exactly the example that I want to bring out. We have landholders thinking that they are going in for some sort of carbon arrangement

or a scenario that will help some sort of offset strategy, and then they go for 10 years without getting any contact from Synergy or the Forest Products Commission. This is over, as I said, both terms of government. This is why people are really quite concerned.

**Mr D.J. Kelly:** Wasn't the member for North West Central responsible for forests under the previous government? Why don't you ask him?

**Mr P.J. RUNDLE:** He will be on his feet shortly, so the minister does not need to worry about that.

I am trying to lay out the sorts of things some of our landholders have been through. What happens when they have pine trees on their farms under this arrangement and the Forest Products Commission does not turn up? They are locked into a contract and the value of their land is about half what it would be if they could clear the trees and bring the land back to normal farming land. One particular farmer has requested a reduction in the contract from 70 years to 30 years. I am looking forward to positive responses, but this is the sort of example I am talking about. With the sweetener of carbon offsets and the like, farmers think, "Oh, well, this could be a good thing." There is then a lack of performance from the various departments, which leads to scepticism. I am trying to help that landholder from Ongerup because he might want to retire and sell his land. Quite frankly, he would be a lot better off if he could just bowl those pine trees over, start afresh and get that land back to agricultural land.

We recently held a community meeting of many landholders in Katanning who had contracts with BP and thought everything was going well. The contracts are with farms ranging between Williams and Wellstead—roughly 2 400 hectares in total—and the Forest Products Commission is contracted to manage the plantations. At that community meeting, most of those farmers were surprised to hear that BP had actually passed management over to another entity called Ents Forestry, because they had not been told about it. It was seriously considered at the meeting that farmers investigate, under compensation law, claims of misleading and deceptive conduct from FPC, which could potentially open the door for damages claims and class actions.

This is a reflection of landholders' clear dissatisfaction with FPC. It has in the past not met its obligation to manage plantations. It failed to meet its management agreements for plantations and then subcontracted plantation management out illegally. This is the sort of stuff that makes landholders wary of having pine plantations at all, or of selling their land. The Forest Products Amendment Bill 2021 is about the purchase of that land, but there is scepticism within the industry. FPC said, "You do the firebreaks and look after the fences; we'll manage the pine plantations", but then it does not turn up for 10 years. That is why there is scepticism in the community. A motion of no confidence in FPC was moved and passed at that meeting.

The bill does not empower the commission to deal with carbon assets associated with native forest products because native forest products are located on crown land. We need to be careful that private property purchased by FPC to trade in carbon assets will not be locked up in further bureaucracy, and that such purchases will not affect landholders' potential to use trees on farms as carbon emission offsets in the future. This is a big part of the problem. Carbon offsetting is a changing environment. People are unsure what the implications will be for their family or their farm or the like in time to come. It is really important when looking at the purchase of freehold land for offsets and trading that the Forest Products Commission keeps landholders informed about whether they have capacity to offset their own emissions in the future. I will be looking for some clarity from the minister on that.

I am certainly concerned about the new powers to enter into contracts to purchase land. They could potentially mislead private property owners into entering into contracts. Will there be full transparency? Private property owners need to know what they are looking at right from the start. That is a real element that I am focused on. If and when the FPC manages to get this land and plant these trees, will it be able to properly maintain and look after those forestry assets? We saw an example of its poor performance around the Katanning area. The announcement was made and then the communities of Manjimup, Pemberton, Nannup and the like had the rug pulled out from under them by this government in relation to the native timber industry. The question is: what will happen over time? There is scepticism about how governments change over time. We know they change over time and they come in with different ideas. Those communities thought it was all going along nicely. Companies such as Parkside Timber invested a lot of money. The minister congratulated the company at the time, "This is fantastic", and then along came the package to pull the rug out from under it.

I am concerned about the minister's \$350 million pine plantation package. I am also worried about whether the government will be able to acquire any land. I can assure the minister that land that receives 600 millimetres of rainfall is in very high demand for agriculture right now. Any number of purchasers will be looking for that land. The government will be competing with other agricultural uses, and something that will not have to wait 25 years for a return. I am worried about whether the Forest Products Commission will perform because it certainly has not performed in those previous contracts. As I said, that was over both governments. It has mismanaged plantation forests in the past. They have not been looked after properly; they have not been thinned properly. That has reduced the value of that timber. If the Forest Products Commission continues to perform as it has in the past, I have real reservations about this legislation.

**MR R.S. LOVE (Moore — Deputy Leader of the Opposition)** [12.13 pm]: I want to make a brief contribution on the Forest Products Amendment Bill 2021. We have heard from the member for Roe about the issues in his electorate. I share his concerns about one of the primary aims of this bill; that is, to enable the Forest Products Commission to purchase land and to become a substantial landowner in some high rainfall areas, which will be in competition with farming land to some extent. I have heard talk of using less valuable land in those areas, but the price of land in much of the high rainfall areas is reflective of the level of rainfall, not necessarily the soil quality. Significant amounts of food can still be grown in poor-quality soil with lots of rain. There is a common misconception that planting trees on a piece of land is a better use than growing food. I am not sure that that is something that is borne out, especially at a time of rapidly escalating prices of, especially, protein in shops. The rise in cattle prices over the last few years has certainly been staggering, and I am not sure that we are going to see it go down any time soon. That means that there will be competition for land between people who want to grow softwood plantations in high rainfall areas and people who want to grow products for food, fibre, lifestyle pursuits et cetera. We are going to see a lot of competition, so that \$350 million is not going to go far if it is going to be used to buy substantial amounts of land, and one of the key aims of this bill is to enable that to happen.

On the matter of land being purchased, Hon Steve Martin and I attended the briefing given by the minister's staff and the Forest Products Commission. One of the questions was about the ability of the FPC to pay rates on the land that it might purchase. A response has been given by the Forest Products Commission, and that is that it will pay to the local shire rates on private property purchased, but we should note that it does not have to. It is a concern if there is going to be a policy change, and I am happy to provide this response to the minister if he wishes, but it is from a government source. I think there should be a very clear understanding of whether the Forest Products Commission will or will not pay rates, and that should be laid out in either law or regulation to ensure that when a property is bought for that purpose, local shires and their communities are not penalised and it does not negatively affect their revenue. I have no doubt that logs have to be harvested, and that involves heavy transport vehicles, so local governments would put effort into the roads, so they need that rate base to be coming in.

The other matter of particular note—I note this with a bit of humour in a way—is that this bill was said to be new legislation to enable carbon trading by the Forest Products Commission. A statement released by the Minister for Forestry on 20 October 2021 heralding the introduction of this bill says —

Carbon capture or sequestration in trees such as renewable pine plantations, is one of the most effective ways to remove carbon dioxide, one of the main greenhouse gases causing climate change, from the atmosphere.

We know that that is true. Photosynthesis converts carbon dioxide into plant matter and it also produces oxygen, so I am not at all surprised that that would be an outcome and I am pleased that this legislation has been introduced. But I have a press release from Tuesday, 18 February 2003 by a predecessor of the minister, the very well regarded and honourable late Kim Chance. He was talking about a tree farming package being introduced to deliver to farmers and the environment in 2003. It was co-written with the then Premier, Geoff Gallop. It talked about launching a new commercial tree farming package that would put more money into farmers' pockets, delivering major environmental outcomes for the state. It would provide benefits by combating salinity and controlling wind and water erosion. Areas suitable for commercial trees would be identified. It goes on to say —

“Through absorbing carbon dioxide from the atmosphere, plantations also make a major contribution to reducing the greenhouse effect.

So this is nothing new. This was in 2003. It is interesting that the statement from 2003 also went on to say about the share farming arrangements —

... there are also new options of taking a share in carbon revenue, in most cases, and greater integration of trees with agriculture.

That statement talked about a carbon plan in 2003. That has taken 18 and a half years to come. I am pleased that it has happened, but it has taken a while. It is pleasing to see that things do eventually happen.

At this point I will stick up my hand and make a declaration that I hold some areas that were planted with the Forest Products Commission under a profit à prendre in the early 2000s. I remember spending many hours on the back of a little machine putting pine seedlings in at the right depth with the right spacing. People would hold their tape measures across and check that the trees were so many metres across and so many metres apart, and then they would give a report on the planting. Happily, I had a very glowing report about the way I was planting the trees. They were planted deep and straight, so that was very pleasing. Of course, as part of the contract there was a payment option at that stage. I cannot remember exactly—I was searching to see whether I had a copy of the contract on a computer I was on the other day—but I recall that there were a couple of payment options. One had more money up-front and no share of the carbon price, and another had less money, but a share of the carbon price, but apparently there was no ability for the Forest Products Commission to make that work. I am taking it from that. We know that those trees were in the ground before anything was put in place to begin the process of carbon farming, so they were not eligible for carbon farming anyway. It is interesting that this is taking place over that length of time. In contributing



to this debate, I do not seek any private gain for myself. I am very open in my declaration. As the member for Roe said, if someone would come along and just get rid of the trees, I would be happy. I do not care, really. When I was looking at some of the issues around this, I saw a report on the internet about the value of midwest pine plantations to Carnaby's cockatoo, so some good might come from the pine trees.

This is how things change. I recall that the contract stated that in about seven or eight years someone would come to thin the trees. Then they would do a spore harvest at about 12 years, and the whole lot would be gone in about 20 to 30 years. I think we planted the trees in 2003 and 2006, so they are still there. They do not look too flash! People did come along and thin the trees, but rather than gaining a share of the revenue, a large tractor arrived with a mulcher and they drove up to every third, fourth or fifth row of trees and mulched them into a pile on the ground. It was not particularly commercially successful for the Forest Products Commission! As the member for Roe has said, we do not see too much of them coming out. It would be good to get some closure for people in those situations down the track. I am not desperately seeking that, but I note what the member for Roe has been talking about, and I know it is a variation of the same sort of thing we are seeing in my electorate in areas from Gingin, up to Dandaragan and across to Moora—that sort of an area. It was thought there would be enough rain there to plant the species of pine called, I think, *Pinus pinaster*, not *Pinus radiata*, which is grown further south. It has not proven to be terribly successful, although all those contracts remain in place. There are still obligations on the farmers and, I suppose, on the Forest Products Commission to see that done. I think that highlights that when we talk about plantations and these types of activities, it requires a long-term view. I think the member for Thornlie talked about that and the need to ensure that if someone had a private arrangement, some cash flow would come through. Those sorts of arrangements have been tried in the past with blue gums under the Forest Products Commission.

In his summing-up, can the minister enlighten us about whether there will be a very aggressive drive to purchase all the land required to grow sufficient trees, as we have been told, or whether there will be other ways of growing the trees? Is other land available? Does the government have other ideas than just to go to the market, because I think that will put a lot of pressure on the real estate market when it is already fairly hot, as I said, regarding farmland, especially in the reliable rainfall areas. More broadly in the state at the moment, we know that a good amount of money is flowing into farming areas from farming activities. When people drive out to farming areas in March and see a paddock, they will think it is degraded, but if they see it in August, they will see that it does not look the same. We have to understand that farmland does not always look as pretty as forests but that does not mean it is not productive or valuable. At the end of the day, we need wood to build houses and we need to find ways of reducing carbon dioxide in the atmosphere. We also need to eat and to export food. Although we have more food in this state than we can actually consume, the places we send food to do not. There are plenty of people in the world who rely on produce from countries such as Australia that can produce in excess of their daily needs. Many, many countries would experience famine if Australia—not just Australia but also other countries—were not able to produce a surplus. The traded surplus of the total food production around the world is not all that huge; a lot of food is homegrown. Although the traded surplus is relatively small, it is vital in ensuring that everybody can eat.

We on this side do not want to see a drive that will lead to a reduction in the state's ability to produce food and to have a diversified income. I will not speak much longer; I know the member for North West Central wants to make a contribution. I make those couple of observations from practical experience. I have seen this and seen that it has taken 20-odd years from the time Forest Products Commission people—I think they were called big west share farms then—offered carbon credits, which was something that was spoken about. Obviously, it was not really a thing that could be traded or delivered. It would be good to see it delivered. The National Party went to the last election with a policy that included comprehensive acknowledgement of the need to address climate change and we included within that a proposal for a land restoration fund, similar to what the federal Nationals under David Littleproud introduced. It was a beefed-up version of what this government has put forward under the Department of Agriculture and Food with its own carbon farming program. But they are important programs. They are there to prompt landowners and land managers to look into new ways to diversify and, in doing so, aid in the fight against climate change. Of course, those types of programs are only ever there to, if you like, nudge, assist and guide people into taking action. The real return comes from sequestered carbon and having a program that effectively and efficiently deals with that.

I am concerned that at the moment there seems to be an emphasis on planting trees. This has happened in not only this discussion, but also other discussions on carbon sequestration. The real game changer will be to develop carbon sinks within the soil rather than to hold it just in the planted trees. The creation of carbon sinks is a more open-ended way to sequester carbon. If we can actually grow carbon in the soil, we can keep doing it for many years. However, trees, such as the softwoods or some of the planted eucalyptus varieties that are used for carbon sinks, have done much of their growing within a couple of decades and then they just hold that carbon without being put to use.

In the discussion, there was talk about turning the plantation into furniture, to hold the carbon outside the carbon cycle and to then regrow the trees. It is a bit difficult this far out to get details on just how that would work and the

calculations, but it would be interesting to have that discussion down the track. I will conclude my contribution. I believe that the member for North West Central would like to talk.

**MR V.A. CATANIA (North West Central)** [12.31 pm]: I rise on behalf of the opposition to lead the debate on the Forest Products Amendment Bill 2021. The members for Roe and Moore have done an exceptional job to point out some of their concerns with the legislation. Can I first put on record that Western Australians should be extremely proud of the way in which our forests have been managed over recent years to provide a very sustainable resource for building supplies of not only jarrah, karri and marri supplies, but also softwoods, which are critical for our local building and construction businesses. The sandalwood industry has also benefited. During our time in government, we changed the landscape around sandalwood harvesting. Harvesting contracts were broken up to allow traditional owners access to a sandalwood quota, which led to employment in a few regional towns. That work was carried out under the then Minister for Forestry, Mia Davies, when we were all learning just how important the forestry portfolio was to the building industry and regional communities in Western Australia.

We cannot downplay or underestimate how sustainable Western Australia's forestry industry is. We have heard a lot about the logging of old-growth forest, and the government's decision to cease native timber forestry in this state, but this is just politicking and it shows naivety because it has been a sustainable resource. The construction industry is extremely overheated and needs materials, so we should not be making changes to a sustainable industry. We do not log old-growth forests; we log plantations that are grown, cut down and regrown. That is the difference, and that is something the government has not explained. It is not cutting down timber that has been replanted. The government says that the native timber industry needs to be abolished, but now we hear that it will allow a bit of thinning to occur here and there. Is the government really going to totally abolish the native timber industry in Western Australia? I would like to hear what the minister has to say about that. The explanatory memorandum of the bill before the house states —

The Forest Products Amendment Bill 2021 amends the *Forest Products Act 2000* ... so as to expand the rights and functions of the Forest Products Commission ... the statutory agency created under Part 2 of the Act. The Bill serves to empower the Commission to allow it to:

- purchase land for the purpose of establishing plantations;
- dispose of land assets it currently holds; and
- trade in carbon assets associated with forest products, where those forest products are located on land either owned by the Commission or other freehold land which the Commission holds rights in respect of.

The Bill does not empower the Commission to deal with carbon associated with native forest products, where those native forest products are located on Crown Land.

The Bill makes further ancillary changes to the FP Act in respect of the above amendments.

The government announced that native forestry activity would cease and that \$350 million would be put into the softwood plantation. My recollection is that when we were in government, in 2013 or 2014 there was a problem with the state not being able to fulfil its state agreements for softwood plantations. I think there are still two state agreements for the softwood plantation. The Liberal–National government could not fulfil the state agreements to provide the softwood to those companies, which was a concern. I think 2036 may be the point at which we are not able to fulfil our obligations under the state agreement. At that time, even if we were able to come up with the funds and plant more softwood, the reality is that we still would not have been able to fulfil our state agreements. This government's \$350 million expansion is for 33 000 hectares of softwood. If my memory serves me correctly, back in 2013–14, 40 000 hectares were needed to fulfil our obligations under the state agreement act for those two companies. I would like to know why 33 000 hectares will be provided for \$350 million. If the minister can address that in his reply to the second reading debate, that would be greatly appreciated.

The minister often criticises me and the former Minister for Forestry about the plan going forward. At that time, the information that was put in front of us was that we could not fulfil our obligations under the state agreement act, so Treasury took charge of that and obviously a lot of legal advice was sought. The inability to fulfil those contracts meant that we had to look at other options. At the time, the person in charge of the Forest Products Commission, who I think came from South Australia, was looking at the potential alternatives from maybe New South Wales and Victoria—I cannot remember—and those states plugging the gap for our responsibilities under our state agreements while we came up with a strategy in, I think, 2014–15, to increase the softwood plantation by 40 000 hectares. Doing that would immediately fulfil our obligations under the state agreement act, but, in the long term, how would we solve the problem of the softwood plantation industry? Members know that it is not simply a matter of planting trees wherever there is a piece of dirt. The rainfall patterns determine where softwood is planted. I think one of the reasons that we have had a shortage of softwood is that force majeure events have meant the rain has not fallen where it is needed, which is where the softwood was planted. The Waroona fires impacted more than 71 000 hectares, including 3 300 hectares of softwood across four plantations. Fire and drought have affected the plantations. The trees

planted on Gngangara Mound suck the water from the groundwater, so trees cannot be planted on Gngangara Mound because it affects the watertable, which further reduces the opportunities to plant softwood plantations. Another complexity is that softwood plantations take roughly 25 years to mature before they can be logged. In addition, the Carnaby's black-cockatoo has taken to the softwood plantations as a food source, so certain areas cannot be logged because it is a food source for the Carnaby's black-cockatoo. There are all those issues with softwood plantations. It is not a matter of saying we have \$350 million and we will plant 33 000 hectares. I want to know where the government will plant the 33 000 hectares of softwood.

**Mr D.J. Kelly:** Where were you going to plant the 40 000 hectares? No answer?

**Mr V.A. CATANIA:** Back then, we were looking at about 10 000 hectares of privately owned farms that could participate in growing softwood plantations. I imagine that figure is still the same. Is that correct under the government's strategy, minister?

**Mr D.J. Kelly:** We have not said that.

**Mr V.A. CATANIA:** I want to know where the government will plant the 33 000 hectares.

**Mr D.J. Kelly:** In due course, member.

**Mr V.A. CATANIA:** This is another occasion when the government has made an announcement but there is no detail in the legislation of where these pine plantations will be planted. They will have an effect on the watertable. As the member for Roe rightly pointed out, this will have an effect the state's ability to grow. Will 10 000 hectares be planted on private property, or will it be more? More importantly, can the government fulfil its state agreement obligations? The government has done nothing over the past five years. I would like to know whether the government can fulfil its state agreement obligations or whether this is part of a settlement with those companies. What is the time frame to plant the 33 000 hectares of pines in the ground? What is the time frame? Where will the 33 000 hectares of softwood plantations be planted? Will they be planted on 10 000 or more hectares of privately owned land and will the rest be on crown land? Has the government done an assessment of the effect that will have on the groundwater supply?

There are certain issues related to not only rainfall, but also the proximity of the plantations to the companies that manufacture pine products. To make it viable for those businesses to transport the pine logs, I think the radius around them needs to be about 200 or 250 kilometres. Will those plantations be in that zone? It will not help if they are in Geraldton or all the way down in Albany. Where will the government put the 33 000 hectares of pine worth \$350 million that it committed to? Will the government change its policy and use Gngangara Mound for planting, putting the seedlings all around Ellenbrook, to meet its target of 33 000 hectares, and when will it do that? Will the government simply dismiss the issues surrounding Carnaby's cockatoos and clear the land so that pines can be replanted? The people of Western Australia have a right to know how the government will fulfil its target of 33 000 hectares of pine, in what time frame and where in the state it will be planted.

What crown land will be used and how many hectares of privately owned property does the government anticipate private landowners will take up? Has the government had a discussion with private landowners to inform them that they can potentially take up to 10 000 or more hectares? What impact will these plantations have on our state's produce? Will these plantations potentially lock up valuable land for food production for 25-plus years? What agreements will the government put in place with those landowners if a drought or unanticipated event—a force majeure—occurs? Who will pay for that? Will the landholder take that risk or will the government fund that? I understand that it will be part of people's superannuation over the next 25 years if they take it up. It is a bit of a gamble; nonetheless, there is scope for property owners to come to the party, with 33 000 hectares being planted. As I said, when we were in government, we set a target of 40 000 hectares. Why has the government suddenly recalibrated that figure to 33 000? What negotiations has the minister had with those companies under the state agreements that we were not able to fulfil because of the matters I have outlined in my contribution?

The opposition supports this legislation, but we saw what happened with the Constitutional and Electoral Legislation Amendment (Electoral Equality) Bill 2021. It had very little detail on how 37 members of the Legislative Council will operate in the state. There was very little detail in the Aboriginal Cultural Heritage Bill 2021. All the work will be done in the guidelines and regulations. Once again, we have a bill in front us with very little detail. It is full of wonderful things, including \$350 million. The government says it will develop new pathways for an old, sustainable timber industry in Western Australia and transition workers across to that. How will the government do that? It takes 25 years to grow a pine tree. What is the government's time frame? Is the government looking to plant 33 000 hectares over five years or 25 years from the moment this legislation is passed? That is the detail we need. Will the government make the contracts visible so that we know exactly what private landowners will be up for if things work out well or if they do not work out well? What is the demand for pine plantations in this state? Is the government looking at exporting pine? We need to know this detail. The opposition supports this bill, but I am sure we will ask some more questions when we go through consideration in detail. I am sure this bill will not be completed this year and that its

consideration will go into next year, so we will have a bit more time to do some consultation on it. Hon Steve Martin and Hon James Hayward in the other place have been doing a fantastic body of work with the Manjimup community in the south west on the impacts of the government's decision to stop native timber logging. They are truly representing their constituents down there. I am very disappointed that Labor did not take this decision to the last election, much like the regional electoral voting reform.

**Mr D.J. Kelly:** If you get re-elected, will you reverse the native forest decision?

**Mr V.A. CATANIA:** We want to see the detail of it all. We do not oppose this bill, but there are a lot of questions that need to be answered. I hope the minister can do that and that he does not just blow it off, as he has done with other legislation. We cannot be drip-fed; we are not drips, but I know you are. We need something better than that, because people's livelihoods will be affected. More importantly, these companies need the state to provide certainty around state agreements. It is absolutely integral. It is the right thing to do. We were trying to solve that problem when we were in government. This government has had five years and it has come up with a strategy that has more questions than answers. How is it going to supply 33 000 hectares of pine timber?

Debate interrupted, pursuant to standing orders.

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