



Forestlinks

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State of the Forests Report 2008

Australia's State of the Forests Report (SOFR) fulfils Australian governments' commitment in the *1992 National Forest Policy Statement* to provide a report on forest sustainability to the public every five years. This report also serves as Australia's contribution to the international Montreal Process.

Australia's (SOFR) 2008 is structured on a nationally agreed framework based on the Montreal Process criteria and indicators. Seven broad criteria and 44 indicators identify the range of values the Australian community attaches to forests. The SOFR 2008 process represents a strong partnership between national, state and territory organisations to locate, assemble and compile relevant data in a nationally consistent approach. Representatives from many agencies are currently providing data and participating in drafting groups to prepare and review text. A wide range of scientific experts are also providing specialist input for many of the indicators.

The report is expected to be released in March/April 2008.

Information on the 2003 SOFR report can be found at:

www.daff.gov.au/brs/forest-veg/nfi/state-forests-report/2003

For further information contact Philip Link (02) 6272 4601 or Philip.Link@daff.gov.au

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Bringing Down the Axe on Illegal Logging

The Forest Industries Branch is considering public submissions on the discussion paper, *Bringing down the Axe on Illegal Logging: A Practical Approach*, as part of the development of the Australian Government policy on illegal logging.

The Australian Government recognises that illegal logging presents a serious challenge to the sustainable management of the world's forests and creates substantial economic and social costs to those countries where it occurs.

The paper outlined the issues associated with illegal logging and identified potential solutions to reduce the amount of timber from illegal sources traded in Australia.

The Government has held further consultations with Australian timber importers, wholesalers, retailers, other government agencies and non-government organisations, including conservation groups. Through the consultations, the Government is developing an approach that is consistent with Australia's international obligations and current programmes.

The Government's illegal logging policy, due for release later this year, will ensure timber products traded in Australia are from legal sources.

The discussion paper, *Bringing down the Axe on Illegal Logging: A Practical Approach* can be found at: www.daff.gov.au/forestry/international/illegal-logging

For more information, contact Neil Hughes on (02) 6272 4213 or at Neil.Hughes@daff.gov.au

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Changes to Forestry Managed Investment Schemes

New taxation arrangements for investments in forestry managed investment schemes (MIS) came into effect on 1 July 2007.

The new arrangements will encourage further expansion of the plantation estate and support investment in long rotation plantations by allowing trading of MIS investments, including existing MIS plantations.

The new arrangements require 70 per cent of investor funds to be applied to direct forestry costs, such as land rental, plantation establishment, tending and harvesting. This requirement aims at minimising fees and commissions and encouraging higher returns to the MIS investors.

The forest industries were extensively consulted on the development of the new arrangements, which address some important industry concerns, including:

- extending the time for planting from 12 to 18 months to allow for seasonal conditions; and
- allowing secondary trades in investments after a holding period of four years.

Secondary trading will assist with the liquidity of investments and contribute to the development of pricing information within the marketplace. It is anticipated secondary market trading might encourage the development of longer rotation plantations for structural grade timber.

The MIS plantation sector is making significant social, economic and environmental contributions to rural and regional Australia. A number of planned key project proposals, valued at several billion dollars, depend directly on the further expansion of the MIS plantation sector. They include the Gunns pulp mill in Tasmania, the Protavia pulp mill at Penola in the Green Triangle, expansion of the Visy pulp mill at Tumut in NSW and the PaperlinX pulp mill upgrade at Maryvale in Victoria.

You can visit the following websites for more information:

Link to the media release on new taxation arrangements for forestry MIS:

www.mffc.gov.au/releases/2006/06152aj.html

Link to the media release on trading forestry MIS: www.mffc.gov.au/releases/2007/07B015.html

Link to the [legislation at Comlaw.gov.au](http://legislation.comlaw.gov.au)

For further information, contact Richard Mason on (02) 6272 4867 or at Richard.Mason@daff.gov.au

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Tax Changes for Carbon Sink Forests

The costs of establishing a qualifying carbon sink forest became fully tax deductible for five years from 1 July 2007.

Carbon sink forests are grown to remove carbon dioxide from the atmosphere. They are generally established as small plantings integrated within existing agricultural land uses in less productive regions. The types of trees commonly grown as carbon sink forests include mallee and mixed native species.

For carbon sink forests to qualify, businesses must participate in the Government's Greenhouse Challenge Plus Programme, a government/industry partnership that encourages industry actions to reduce greenhouse gas emissions. Qualifying carbon sink forests must also comply with the region's environmental and natural resource management guidelines. This will ensure the carbon sink projects do not have unintended consequences for flora and fauna habitats, or affect water resources.

At the end of the five years, the tax treatment will revert to the horticultural plant taxation provisions, which allow for depreciation of the costs of establishing a qualifying carbon sink.

More details about the announcement can be found at:

www.environment.gov.au/minister/env/2007/pubs/mr08may1807.pdf

For further information, contact Paul Ryan at the Australian Government Department of the Environment and Water Resources on (02) 6274 1485 or at Paul.Ryan@environment.gov.au

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Tasmanian Community Forest Agreement Update

The Tasmanian Community Forest Agreement (TCFA) – the cornerstone for securing the future of Tasmania's forest industry and providing increased protection of the state's forests – celebrated its second anniversary in May 2007. The Prime Minister, John Howard, and the Tasmanian Premier, Paul Lennon, signed the agreement on 13 May 2005.

To mark the second anniversary, the Australian and Tasmanian governments released a progress report, *Second Anniversary Implementation Update*, on the implementation of the TCFA.

The agreement increased the area of forest reserved in Tasmania increase to nearly 1.5 million ha – or 47 per cent of the state's forests. It has conserved 13,800 ha more forest than pledged, including 700 ha more old-growth forest. As well as increasing the area of permanently protected forest, 62 Tasmanian businesses have so far received assistance to adjust to the changing nature of forestry in the state.

For more information on the TCFA or to obtain a copy of *Second Anniversary Implementation Update*, go to:

www.daff.gov.au/forestry/national/cfa

For further information, contact Tim Bull on (02) 6271 6380 or at Tim.Bull@daff.gov.au

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Review of the Implementation of the Tasmanian Regional Forest Agreement

On 28 May 2007, the Tasmanian and Australian governments released the second five-year review of the implementation of the Tasmanian Regional Forest Agreement (RFA) for eight weeks of public comment.

The two governments signed the 20-year agreement in November 1997. The RFA aims to ensure an economically sustainable forest industry and the conservation of Tasmania's forest ecosystems and biodiversity.

Under its terms, annual reports on implementation were required in the agreement's first five years, followed by five-yearly reviews.

The first five-year report was completed in 2002. The 2007 review will be undertaken by the former Secretary of the Tasmanian Government Departments of Justice and Health and Human Services, John Ramsay.

For more information on Regional Forest Agreements go to: www.daff.gov.au/rfa

For review documents, go to: www.dpac.tas.gov.au/divisions/policy/rfa

For further information, contact Tim Bull on (02) 6271 6380 or at Tim.Bull@daff.gov.au

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The Global Initiative on Forests and Climate

The Australian Government launched the Global Initiative on Forests and Climate on 29 March 2007.

Through this initiative, Australia will provide \$200 million in new funding to support practical and immediate action to reduce deforestation, support reforestation and implement sustainable forest management in developing countries. It will be provided mainly through official development assistance to developing countries in Australia's region.

The initiative could make a major contribution to reducing greenhouse gas emissions worldwide. Nearly 20 per cent of global emissions come from clearing the world's forests – second only to the emissions from burning fossil fuels to produce electricity, and greater than the world's emissions from transport.

Reducing deforestation, combined with planting new forests and encouraging sustainable forest management practices, is one of the best ways to reduce global emissions. The Forest Industries Branch is helping implement the initiative. It is also contributing to sustainable forest management through Australia's efforts to combat illegal logging.

For more information on the Global Initiative on Forests and Climate go to:

www.greenhouse.gov.au/international/forests/about.html

For further information, contact Neil Hughes on (02) 6272 4213 or at Neil.Hughes@daff.gov.au

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Contact Us:

Web site:
www.daff.gov.au/forestry

Email:
forestry.contact@daff.gov.au

Address:
GPO Box 858 Canberra ACT 2601

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