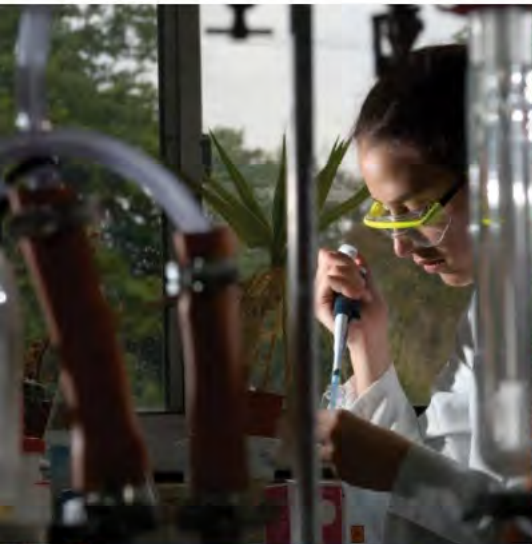




Australian
Forest
Products
Association

AUSTRALIA'S FOREST INDUSTRIES

SUBMISSION TO THE NATIONAL HOUSING AND
HOMELESSNESS PLAN ISSUES PAPER



20 October 2023

Australian Government Department of Social Services
GPO Box 9820
Canberra ACT 2601

About Australian Forest Products Association (AFPA)

The Australian Forest Products Association (AFPA) is the peak national industry body representing the Australian forest, wood and paper products industry's interests to governments, the general public and other stakeholders on matters relating to the sustainable development and use of Australia's forests and associated manufacturing and marketing of wood and paper products in Australia.

To whom it may concern,

RE: Submission to help inform a shared national vision to tackle Australia's Housing Crisis

AFPA welcomes the opportunity to provide this submission to the National Housing and Homelessness Plan Issues Paper to help inform the development of a National Housing and Homelessness Plan.

AFPA is the peak national industry body representing the interests of Australian forest, wood and paper products industries. Our member companies' operations are intrinsically linked to the Australian housing and construction market and this submission will address questions raised in the Issues Paper related to housing demand, construction, and supply.

Executive Summary

This submission addresses the following key questions from page 70 of the Paper:

- What should the most important (long-term) and/or immediate (short-term) housing market policy focus be, across all levels of government, over the next 10 years?
- Are there ways to improve supply chain issues to support more efficient housing supply and reduce building costs?
- What role can housing by design play in improving housing supply and affordability?

This submission makes the following recommendations:

Recommendation 1

AFPA strongly recommends the Federal Government to develop a housing policy targeted towards essential workers such as nurses, teachers and emergency service workers, who are priced out of the market. Australia must ensure it is retaining its skilled workers to remain globally competitive and to continue to grow the prosperity of our nation.

Recommendation 2

The Federal Government develop a National Timber Security Agreement amongst the federal, state and territory governments which would commit governments to replace any timber assets lost to development or government policy decisions with an equivalent domestic timber resource.

Recommendation 3

AFPA recommends the Federal Government continue to invest more into research and development of the sector and support more consistent regulations and compliance pathways for renewable timber product solutions to further bolster and build sustainable communities.

Recommendation 4

The Federal Government drive positive change in the building industry by implementing policies that ensure the lowest emissions option is utilised during the construction of buildings. A low emissions procurement policy will also help the government meet its ambitious climate change goals.

Questions for Consideration

What should the most important (long-term) and/or immediate (short-term) housing market policy focus be, across all levels of government, over the next 10 years?

A targeted housing policy will provide a much-needed boost to housing starts.

Australia is suffering from a housing shortage that will only worsen with a projected increase in immigration. There is a current affordable housing shortage of 640,00 dwellings that is set to grow by 75,000 in the next five years.

There is a lack of confidence in the housing sector due to uncertainty around interest rates, building company collapses and banks reduced risk appetite. Despite the large pent-up demand for housing in Australia, the sector cannot get the investment it needs due to the uncertainty and the extremely high prices involved. The Federal Government can address this market failure through government intervention that encourages new housing starts and by implementing policies that improve market confidence.

As housing construction is the most significant driver of economic activity in the Australian economy due to its size, reach and multiplier effect, targeted policies that increase new housing starts for detached dwellings will increase the supply slowing the inflationary pressure on the market and maintain essential skills within the construction sector in the Australian economy. An increase in the supply of housing to the market will be important to prevent a national recession. Housing starts historically have a direct correlation to our overall economic performance and is the canary in the coalmine for an extended economic downturn.

Acknowledging the effects housing starts have on the overall economy, AFPA strongly recommends that the Federal Government to develop a housing policy targeted towards essential workers such as nurses, teachers and emergency service workers, who are priced out of the market. Australia must ensure it is retaining its skilled workers to remain globally competitive and to continue to grow the prosperity of our nation.

Despite the average household size continuing to fall, the demand for detached dwellings continues to grow. That is why it is vital that any Federal Government housing policy must consider the need for detached housing to be considered within the mix of medium and high-density buildings. AFPA members are agile and ready to support an increase in housing construction by supplying Australia with the ultimate renewable building material, timber.

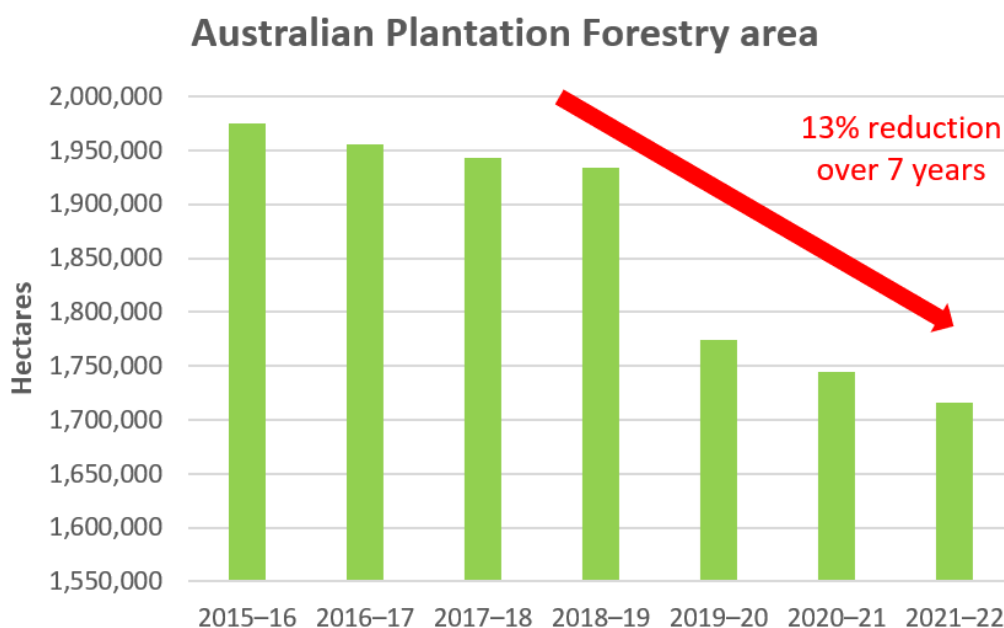
A National Timber Security Agreement will ensure Australia has enough timber to meet future housing needs.

To build sovereign capability, the Federal Government must support policies that ensure Australia can meet demand for domestic timber to support the housing construction market. Unfortunately, Australia has a shortage of timber to meet our domestic needs, and projections show this situation will worsen in the coming decades. A National Timber Security Agreement is necessary to ensure domestic timber supplies can continue to grow so Australia has the resources required to meet our future needs. Australia already relies on imports for 25% of the timber needed to build our homes. A

recent report by Forest & Wood Products Australia (FWPA) found our reliance on imported timber is set to double by 2050. And in the face of a growing global demand, Australia cannot rely on increased imports. By the time it takes to grow a pine tree to sawlog size, global demand will outstrip supply by four to one.

Australia's national plantation estate has fallen by 250,000 hectares from 1.973 million hectares in 2014-15 to 1.716 million hectares in 2021-22.¹ Political decisions, particularly in Victoria and Western Australia, have also reduced hardwood timber supplies and put jobs, businesses and in some cases whole towns at risk.² The policy environment must support investment and growth of sustainable, renewable timber fibre industries to maximise our opportunities, which include supplying timber for housing.

Figure 1: The plantation forestry estate is declining.



Growing, diversifying and securing Australia's sustainable forest industries will be essential to meeting Australia's fibre needs and to contribute to the global climate change solutions. Global sustainable forest industries will be critical as the world deals with climate change impacts and pivots toward preferencing the circular bioeconomy and sustainable renewable and environmentally friendly products, over harmful plastic packaging and emissions intensive building and construction materials.

A key driver of this timber shortfall is the loss of existing forestry resources due to government policy and development decisions that did not consider an assessment of future timber requirements. Both major parties have acknowledged the importance of growing the total area of production forestry through their public commitments to the *One Billion Trees Goal*. Sustainable, renewable production forestry is critical to meeting national carbon goals as well as addressing our needs for timber and wood fibre products. Diminishing sovereign production capacity in Australia will only result in an increased reliance on imports.

A National Timber Security Agreement amongst the federal, state and territory governments would commit governments to replacing any timber assets lost to development or government policy

¹ <https://www.agriculture.gov.au/abares/research-topics/forests/forest-economics/plantations-update#key-facts>

² <https://www.abc.net.au/news/2022-05-06/greenbushes-mill-closes-as-wa-native-forest-logging-ban-looms/101044632>

decisions with an equivalent domestic timber resource. The policy requires governments to commit to replace like-for-like with equivalent supplies for wood and fibre products. This includes both softwood and hardwood timber for housing construction. The National Timber Security Agreement will ensure timber production can continue to grow rather than decline, to ensure that Australia grows the timber resources required to build our homes.

Are there ways to improve supply chain issues to support more efficient housing supply and reduce building costs?

Imported timber is susceptible to global supply chain issues unlike domestic timber.

As aforementioned, Australia relies on imports for 25% of the timber needed to build our homes and this is set to double by 2050. As economies around the world decarbonise, the demand for timber products is set to grow even more and imported timber will become even more difficult to secure and more expensive to buy.

The pandemic taught us that we cannot rely on imports. The critical timber shortages of the past two years exposed Australia's over-reliance on timber imports, which became more expensive and difficult to source, driving up building costs and significantly delaying housing construction starts.

Imported timber is highly susceptible to supply chain issues caused by factors that are outside of the industry and Australia's control. To avoid another timber shortage, like that endured during the pandemic, Australia must improve its sovereign capability by increasing our plantation estate to ensure we can meet our domestic timber needs to reduce this risk.

For example, in 2021, 55% of the timber Australia used to build houses came from the Baltic Sea including Germany, Finland, Russia and the former Soviet Union countries of Estonia, Latvia and Lithuania. This supply line is subject to increased geopolitical tensions due to the war in Ukraine and any escalation could reduce by more than half our timber imported for construction.

Furthermore, if our plantation estate continues to shrink, timber will be sourced from nations with much less rigorous environmental standards than our own. Importing timber that has been logged illegally or unsustainably comes at a cost to the world's commitment to reduce greenhouse gas emissions.

What role can housing by design play in improving housing supply and affordability?

Increased utilisation of timber in housing is sustainable and affordable. Timber is easy to use, fast in construction, easily modified and importantly carbon positive.

There is growing demand for the world's timber resources as countries decarbonise by utilising more timber in construction. The construction, operation and maintenance of buildings accounts for almost a [quarter of greenhouse gas emissions](#) in Australia. As Australia's population grows, to an [estimated 31 million](#) in 2030, even more buildings will be needed.

The choice of wood over steel by a homebuilder makes the difference between starting with either a healthy CO2 credit or deficit. A typical timber house frame absorbs 9.5 tonnes of CO2 from the atmosphere, or the equivalent of offsetting the emissions of four petrol powered cars for a whole year. When you include other timber and wood furnishings like floors and decks and furniture items, the figure can grow to 25 tonnes of CO2. Most builders already choose timber framing for their

residential building work due to its reliability, lower cost and their familiarity with the material when compared other products such as steel and brick.

The recent National Cabinet target to build 1.2 million new homes over five years under the National Housing Accord could mean 30 million tonnes of additional stored carbon in the next five years if these dwellings use timber as the primary building material.

More recognition of the of the carbon storage value, low embodied energy, and other environmental benefits of timber is needed to ensure the industry can grow and succeed, sustaining many local jobs and boosting regional economies.

The Federal Government has set a goal to achieve an economy-wide emissions reduction target of net-zero by 2050. The work of the Intergovernmental Panel on Climate Change (IPCC) shows that the Forestry sector is essential for achieving a net-zero goal. Sustainable forestry is the only large-scale emissions abatement sector that is practical, feasible, economically efficient and which comes with a high degree of assurance of performance. Harvesting and replanting trees supports ongoing carbon sequestration and overall growth in carbon stocks. Forestry can not only help meet our national emissions target, but also provide the sustainable, renewable materials for climate friendly buildings.

Although timber product industries are already good at implementing circular economy approaches, more support is needed to advance timber's green credentials. If the Federal Government can better incentivise recycling, bioenergy, cogeneration, and circular economy initiatives, whilst streamlining applicable regulations across jurisdictions, the timber industry could even further reduce its emissions. Our manufacturing facilities can be even more energy efficient by utilising timber waste and residues to generate renewable bioenergy used for transport, electricity, and renewable heat, instead of fossil fuels.

In addition to its carbon-sequestering properties, timber is also an extremely affordable building material that tradies and home builders know and love. Compared to other conventional building materials, such as steel and concrete, timber is very affordable. Timber frames for houses are quick and easy to construct, not requiring a speciality trade to assemble, meaning less labour costs are required. Around 3% of Australia's housing is built offsite which reduces waste and critically means work is not weather dependent. Timber homes can also help homeowners save on their energy bills. Timber is a great insulator against both hot and cold temperatures, providing natural thermal efficiency.

Engineered timber products can help build more resilient housing to better future-proof new builds.

Renewable engineered timber products can help make existing and new housing more resilient in the face of natural disasters. AFPA recommends that Federal Government continue to invest more into research and development of the sector and support more consistent regulations and compliance pathways for renewable timber product solutions to further bolster and build sustainable communities.

As more and more innovative engineered timber products are invented, our workforce must also keep up to date with new technologies and advancements in the sector. Continued investment in our skilled workforce is required to ensure industry leaders along our supply chain (including trades, designers, and builders) can succeed and new resilient and sustainable building solutions can be created.

A low emissions procurement policy will ensure housing is sustainable and affordable in the long term.

To help the Federal Government meet its ambitious climate change goals and to drive positive change in the building industry, policies that ensure the lowest emissions option is utilised during the construction of buildings, must be adopted.

Governments can implement a simple test that requires applicants of government funding programs to calculate their emissions profile and to demonstrate how they have minimised emissions through their choice of materials and design. Governments can also adopt this test and make the data publicly available to encourage positive change in the construction industry. The Federal Government has a unique opportunity to lead by example by applying this test to signature policies such as the National Reconstruction Fund, the Housing Future Fund and the National Housing Accord.

As aforementioned, buildings account for more than 25% of carbon emissions in Australia and forest-based products play a vital role in displacing emissions intensive building materials like concrete and steel. Mass timber buildings, such as 25 King Street Brisbane and 36 Wellington Street Melbourne, demonstrate emissions can be reduced by around 40% simply by replacing steel and concrete with timber. Importantly, these case studies have also proven that utilising more timber will reduce the time spent constructing the building, further reducing a projects emissions footprint.

Thank you for providing AFPA with the opportunity to provide this submission. [REDACTED]

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AFPA is the peak national industry body representing the resources, processing, and pulp and paper industries covering the forest products value chain.

AFPA represents all elements of the value chain from the sustainable harvesting of plantations and multiple use natural forest resource including forest establishment and management, harvesting and haulage, processing of timber resources and manufacture of pulp and paper.



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