

Public submission

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11 October 2024



Independent Forestry Panel
Independent Planning Commission
Suite 15.02, 135 King Street
Sydney NSW 2000

Dear Sir/Madam

Thank you for the opportunity for the Housing Industry Association to provide a submission to the consultation for development of the Forestry Industry Action Plan by the NSW Government.

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 170,000 new homes each year through the construction of new housing estates, detached homes, low & medium-density housing developments, apartment buildings and completing renovations on Australia's 9 million existing homes.

HIA members comprise a diverse mix of companies, including volume builders delivering thousands of new homes a year as well as small and medium home builders delivering one or more custom built homes a year. From sole traders to multi-nationals, HIA members construct over 85 per cent of the nation's new building stock.

The residential building industry is one of Australia's most dynamic, innovative and efficient service industries and is a key driver of the Australian economy. The residential building industry has a wide reach into the manufacturing, supply and retail sectors.

Contributing over \$100 billion per annum and accounting for 5.8 per cent of Gross Domestic Product, the residential building industry employs over one million people, representing tens of thousands of small businesses and over 400,000 sub-contractors reliant on the industry for their livelihood.

HIA exists to service the businesses it represents, advocate for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry.

About the Forestry Industry Action Plan

In the media release by the NSW Government to announce the Panel and the development of the Plan it was noted that the goal is to outline a path to ensure a sustainable timber industry that aligns with the government's key environmental priorities.

Minister for Regional NSW Tara Moriarty further said that "timber is a crucial part of our everyday lives, with timber needed for community and government priorities such as housing, transport infrastructure, electricity distribution, and freight transportation."

HIA agrees with this sentiment. The current situation in the residential construction market with supply constraint, growing demand, and the timber product price rises of the past few years highlights a lack of resilience and flexibility in the local timber supply chain.

We note that the enquiry seeks to cover a number of key areas:

- Sustainability of current and future forestry operations in NSW;
- Environmental and cultural values of forests, including threatened species;
- Community demand for timber products, particularly as relates to NSW housing, construction, mining, transport and retail;
- The future of softwood and hardwood plantations and the continuation of Private Native Forestry in helping meet timber supply needs;
- The role of State Forests in maximising the delivery of a range of environmental, economic and social outcomes;
- Opportunities to realise carbon and biodiversity benefits and support carbon and biodiversity markets, and mitigate and adapt to climate change risks; and
- Greenhouse gas emission impacts of different uses of forests and assessment of climate change risks to forests.

Given HIA's focus, our response will address the demand for timber products, particularly as it relates to the NSW housing market.

HIA has previously made submission to the early NSW Legislative Council Inquiry in 2021, a copy of which is attached. This submission will update various points raised therein. We also note other factors such as government policy and industry trends that are driving the use of timber in construction, inhibit product substitutions, or act as unnecessary constraints on the importation of product.

HIA also made recent submission to the federal Illegal Logging Prohibition Amendment Bill 2024. A copy of this submission can be downloaded via [this link to our website](#).

Current state in the residential construction market

Demand for timber products

Australia is facing a sustained, long term wood shortage due to an increasing global demand for wood products and a limited increase in the size of Australian plantations. To meet domestic timber demand, imported products routinely supplement domestic supply.

A number recent Federal and State Inquiries ([Timber Supply Chain Inquiry](#)) further highlighted this issue.

Findings 1, 2 and 4 of Report 54 from the NSW Legislative Council Inquiry (NSW Report 54) confirmed that

- *“Demand for timber and forest products, particularly plantation softwood sawn logs and fibre, in New South Wales is growing and cannot be met with existing supply”;*
- *“In the last decade, there has been no increase in additional hardwood and softwood timber plantations”;* and
- *“There has been a loss in native hardwood timber supply over successive governments with forest area taken out of harvesting and put into protected areas with little effort to compensate for the loss of wood supply through an expansion of hardwood plantations.”*

Private sector investment in forestry has not kept pace with domestic demand in general. As a result, in 2019, around 20 per cent of domestic structural timber was imported.

Australian Bureau of Agricultural and Resource Economics and Sciences (ABARES) predict that by 2050, if domestic production remains unchanged, it will need to supplement it with 200% more imported softwood sawn wood by volume to meet the increased demand.

This volume of predicted timber demand is consistent with HIA's housing forecasts. Based on population growth projections and ongoing replacement of aged housing stock it is conservatively

estimated that there is demand for the construction of around 200,000 new dwellings per year on average in Australia.

HIA therefore supports a number of recommendations made in NSW Report 54 that would support improvement in security of NSW forestry industry and supply of timber:

- Recommendation 1: That the NSW Government identify and implement as a priority a long term funded strategy for the expansion of both softwood and hardwood timber plantations in New South Wales.
- Recommendation 2: That the NSW Government establish further state-owned timber plantations.
- Recommendation 3: That the NSW Government review its incentives to increase private investment in timber plantations.
- Recommendation 21: That the NSW Government investigate ways to incentivise Private Native Forestry certification, including potential group certification schemes or streamlined approval processes.

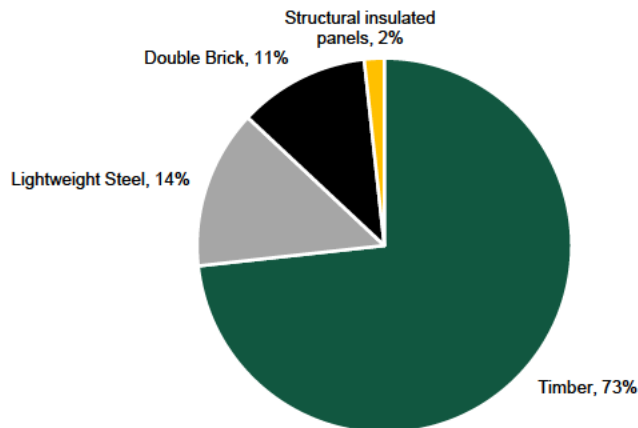
Timber use in a typical house

Within the construction of a standard house, timber is the most widely used product including for the framing of walls and roofs, structural beams, flooring, decking, external cladding, doors and windows, internal linings including architraves, skirtings, kitchens and cabinetry, and timber trims and moulding.

It is estimated that between 95,000 and 115,000 detached dwellings will be constructed each year and at least 73 per cent of these are expected to use timber framing for the load bearing elements of the walls and roof.

Load Bearing Elements in New Detached Houses

Source: ACI



While there has been growth in the use of alternate framing materials and building systems these still represent a very small proportion of the market.

Timber is also used in the landscaping for fencing, retaining walls, gates and many other applications in the home, as well as for furnishings in the home.

Across these wide variety of applications in the home, it encompasses a broad range of different timber types and species. A significant proportion would be softwood; however the industry is reliant on hardwoods for many applications. These include where hardwoods have dimensional superiority as loadbearing members, environmentally evolved to be resistant to pest or decay, and unique advantages in bushfire resistant construction applications.

Complexity of the timber supply chain

Traditionally, the majority of framing timber used in residential construction in Australia has been sourced domestically. With a rise in the use of engineered timbers in homes for various structural elements much of this is sourced from various international markets or a combination of domestic products used in combination with internationally sourced materials.

For timber products used in more finishing applications in home (flooring, internal doors, cabinetry timbers, architraves and skirtings, mouldings, etc.) many of these are imported products or are domestically manufactured using a combination of imported/domestically sourced products.

Additionally, the timber supply chain has become more complex in recent years through COVID-19, the Russia and Ukraine war and other geopolitical conflicts and recent state government bans on native hardwoods.

According to the Department of Foreign Affairs and Trade (DFAT) in relation to imported timber and main break up of sourcing:

- In 2023, Australia imported \$802,831,730 of wood, simply worked – 23.5% from New Zealand, 19.1% from Indonesia, 17.1% from China, 6.3% from Malaysia, 2.6% from Canada, 3.7% from the USA and 4.4% from Germany.
- In 2023, Australia imported \$860,054,410 of veneers, plywood and particle board – 52.0% from China, 8.0% from Indonesia, 7.2% from Malaysia, 2.8% from the USA, 2.8% from Germany and 2.7% from New Zealand.
- In 2023, Australia imported \$844,618,940 of wood manufactures – 48.7% from China, 8.6% from Malaysia, 6.5% from Indonesia, 5.2% from New Zealand, 0.5% from Canada, 4.5% from the USA and 1.0% from Germany.

Supply chain risks – recent experience

In a typical year the lack of domestic supply and the complex international supply chain are not a major problem. It simply means that domestic prices are more variable as global demand changes.

However when global events cause constrained access to global markets, and/or increased global demand resulting in global competition for timber supply, this creates significant challenge for the Australian market and can result in substantial increase to prices for construction timbers.

A recent example highlighting this issue occurred in 2020 when access to global markets were constrained, at the same time COVID-19 and bushfire events disrupted the local supply chain and demand for timber outstripped production capacity globally.

Outcomes from this were that by mid-2021:

- Shipping container costs increased 200-400%.
- Ports and shipping were highly constrained.
- Freight restrictions, levies and costs for log haulage impeded transfer of local timbers for other Australian states.
- Timber framing supply timeframes grew from 3 weeks to approximately 8-10 weeks
- Prices for engineered wood products increased by approximately 60%.
- Prices for softwood structural framing timber increased by approximately 35%.

Increased global demand resulted in diversion of supply away from Australia to places like the USA, who were aided by their volume and logistical advantages for access to timber from Europe and higher market pricing capacity.

Emerging policies and trends influencing supply and demand for timber

Illegal logging laws and resulting administrative burdens

Since Australia introduced our illegal logging laws, the EU, Japan, Malaysia and the Republic of Korea have introduced laws to combat illegal logging and an international best practice is emerging. China, Chinese Taipei, New Zealand and Thailand are also all understood to be developing their own timber import legality frameworks.

Putting this in context of major countries Australia importing timber from being China, Malaysia, New Zealand, Indonesia, Canada, USA and Germany.

Critically each overseas framework has brought their own nuance to regulating timber legality which reinforces the challenges for Australian importers, manufacturers and suppliers in identifying and differentiating legally and illegally logged timbers.

This creates a challenge for Australian manufacturers and suppliers and increase uncertainty regarding the security of global supply volumes.

It is also leading to increased administrative costs for those international trading partners, who are being hit with increased demand for precise information regarding sourcing of timber and forest products. This administratively duplicative and inconsistent burden will lead to increased cost for Australian importers, which would ultimately increase cost of construction and place pressure on housing affordability. HIA would like to see further work on digital solutions rather than a more cumbersome reporting, auditing, sampling, etc. approach.

Current and emerging emissions policies for housing construction

There is an emerging focus on use of lower embodied carbon emission materials in residential construction:

- The latest NSW energy efficiency (BASIX) obligations require the calculation and reporting of embodied emissions arising from the materials used in residential construction projects.
- Nationally similar obligations will be voluntary from 2025 as part of future NCC editions.
- Net-zero will ultimately require consideration of both operational and embodied emissions

Lower embodied emissions standards largely favour increased utilisation of natural products like timber in construction projects. A shift from concrete, steel and polymer-based products (many that would be tempting to view as viable substitutes in the event of government policy restricting supply of timber) will improve an embodied emissions rating of a building. Further, conceptually a full scope emissions framework would recognise hardwoods sourced locally over interstate or imported timber-based materials, due to lower emissions from transportation.

For example, proactive attempts to develop net-zero construction technologies have largely landed upon mass timber as a substitute for areas where concrete and steel would be traditionally used.

This points to a future increased role for timber driven by environmental and sustainability objectives. Government intervention that would constrain the supply of timber would actively work against construction policies aimed at sustainable, affordable and culturally relevant development. Therefore, there is a risk of leaving the construction industry stranded between competing policies and unable to access sufficient supply of required materials at reasonable prices.

Technical requirements which may inhibit simple product substitutions

Once introduced these emerging embodied emissions and net-zero policies would limit the viability of simple product substitution for construction projects; moves away from timber would likely further constrain the sources for embodied emissions reductions and necessitate project redesign to recover emission elsewhere.

Other existing construction standards and policies also exist which may inhibit substitution of timber with alternative materials:

- Bushfire:
 - Specific native hardwood timber species are recognized for exposed applications under the Australian Standard AS 3959 for construction on bushfire-prone land.
 - These hardwoods species are typically utilised for exterior constructions (decks, access doors, pergolas, verandahs).
 - There are few viable alternative products recognised under the National Construction Code and Australian Standards, particularly so in the case of external doors and decking boards. Alternative products would need to be assessed under a performance pathway to be used in bushfire areas.
- BASIX 7-star – holistic assessment of home thermal performance
 - Changes to materials may require further changes to the building to recover the star-rating. Under the recent star-rating increase to 7-star requirement, it is more likely a change in material in one element of a building will necessitate substantial changes in other elements of the building. In the worst case, this may trigger home redesign which invalidates the original planning approval and necessitates a DA amendment – all added time and cost for the home buyer.
 - For example converting from timber to steel frame will have substantially different strategies to achieve the energy performance under BASIX and steel framing also requires different construction skills and techniques.

Governments must continue to support the local forestry, manufacturing and the supply sector

NSW Report 54 Finding 11 stated:

- *“There is untapped potential for innovation in the timber and forest products industry that the NSW Government should be doing more to capitalise on”.*

HIA supports efforts by governments to continue to support Australian made, grown and manufactured materials. Further to this, efforts to support Australian businesses that focus on exporting products should be maintained.

Additionally, policies such as that launched by the Federal Government in 2018 regarding ‘*Growing a better Australia: A billion trees for jobs and growth*’ (National Forest Industries Plan), which includes a commitment to plant one billion new commercial plantation trees are an admirable commitment and one that industry fully supports.

These new trees are vital to meet the expected future increased demand for forest products, however, equally important is ensuring that these trees are planted in the right locations. Planting new trees too far from where they will ultimately be used can have significant impacts on price and viability based on haulage prices and other factors.

We note recommendations made in the following reports:

The Final Report arising from the Federal House of Representatives Standing Committee on Agriculture and Water Resources inquiry of June 2020, including:

- To introduce a concessional loan scheme for the establishment of new timber plantations to improve the viability of potential projects and help to drive future investment.
- Development of a code of conduct for the timber industry to facilitate long-term timber supply contracts between producers and processors to better support the growth of an efficient domestic processing sector, while reducing the risks in relying on export markets.

- That the Australian Government and State and Territory Governments support a significant increase in Australia's forestry research and development capabilities.
- The establishment of a Regional Forestry Hub in South Eastern New South Wales.

NSW Report 54 including those recommendations listed earlier, as well as:

- Recommendation 20: That the NSW Government provide funding opportunities for the timber and forest products industry, particularly small-medium operators, to encourage innovation.
- Recommendation 23: That the NSW Government establish separate industry advisory bodies for the softwood and hardwood sectors to provide ongoing advice regarding industry needs, challenges and opportunities.

HIA encourages the Panel to consider how support measures could be developed as part of the NSW Forestry Industry Action Plan.

Conclusion

Timber is and will remain the predominant material used in housing construction, to meet current and future housing demands.

Demand for timber in residential construction remains strong and already exceeds domestic supply, exposing the residential construction industry to global market fluctuations and price variability.

These products are not readily replaceable by alternative materials in the short-term or medium-term, particularly when other emerging policies are encouraging future increased use of timber-based materials in construction.

Government policies aimed at driving an increase in housing construction and future policy under development to reduce environmental impact of construction through use of lower-carbon emission materials are likely to increase demand for timber in NSW over time, further outstripping domestic supply.

It is vital to ensure that:

- Any moves to further limit or constrain domestic supply of timber products for residential construction are avoided, as they will substantially increase our industry's exposure to market instability and future disruption from global events. This will have a direct negative impact on house prices.
- The residential construction industry needs a secure, verifiable timber supply chain capable of meeting the short, medium and long-term demand for home building.
- Certainty must be provided for the timber supply industry, as this will help to minimise price fluctuations and support competitive pricing levels.
- Governments must continue to support the local forestry, manufacturing and supply sector and the environmental advantages of locally sourced timber and the economic benefits it provides.

Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED



David Bare
Executive Director



27 May 2021

Portfolio Committee No. 4 – Industry
The Department of the Legislative Council
Parliament House
Macquarie St
Sydney NSW 2000

Dear Sir/Madam

Thank you for the opportunity for the Housing Industry Association to provide a submission to the Inquiry into long term sustainability and future of the timber and forest products industry.

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 170,000 new homes each year through the construction of new housing estates, detached homes, low & medium-density housing developments, apartment buildings and completing renovations on Australia's 9 million existing homes.

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Contributing over \$100 billion per annum and accounting for 5.8 per cent of Gross Domestic Product, the residential building industry employs over one million people, representing tens of thousands of small businesses and over 400,000 sub-contractors reliant on the industry for their livelihood.

HIA exists to service the businesses it represents, advocate for the best possible business environment for the building industry and to encourage a responsible and quality driven, affordable residential building development industry.

About this Inquiry

In the media release by the Committee on the launch of this Inquiry it was noted that:

'The timber industry in New South Wales is under immense pressure. Demand for timber is high, and having adequate supply to meet demand is crucial, and the industry has been significantly impacted by bushfires and the pandemic. Given the timber industry generates more than \$2 billion each year, and is a large employer in our state, it is important that we take a close look into what's happening and how we can ensure this industry is sustainable in the long term.'

HIA agrees with the sentiments expressed. The current situation in market with supply constraint, booming demand, and the resulting price rise highlights a lack of robustness and flexibility in the local timber supply chain.

With regard to the Inquiry and the Terms of Reference of the Inquiry for the residential building industry the core concerns relating to the timber supply chain include:

- Current state of the market and supply constraints
- Security of the timber supply chain to meet short, medium and long term demand for future home building
- Keeping the supply of timber for home building at a competitive price and not subject to significant market fluctuations
- That there is appropriate rigour in the timber supply chain for timber used in construction, to ensure that it does not enable sub-standard or non-conforming products from making it onto building sites
- Governments continuing to support Australia's forestry, manufacturing and supply sector, and
- Governments supporting research and development and removing any unnecessary barriers for further uptake of new and innovative products and materials particularly in respect to modular and systems based construction.

While these issues are not specific to the Terms of Reference they are integrally linked to the purpose and nature of the Inquiry taking regard of the current and future construction demand for timber, the ability of the plantation sector to meet this demand, and any constraints in the supply chain.

Further detail on these matters is set out below.

Current state of the market

Supply constraints

Private sector investment in forestry has not kept pace with domestic demand in general. As a result, in 2019, around 20 per cent of domestic structural timber was imported.

In a typical year this isn't a problem. It simply means that domestic prices are more variable as global demand changes.

This situation changed in 2020 when access to global markets were constrained. This occurred while the impacts of COVID-19 and bushfire events have disrupted the local supply chain. At the same time demand for timber is outstripping production capacity globally.

In NSW a major milling operator recently announced a reduction in timber production of 32% by August, as the last of the viable burnt logs are processed. These are not being replaced by fresh supply due to the loss of 40% of local timber in the bushfires.

Access to imported timber products is under pressure from global competition, increases in shipping container costs (up between 200-400%) and port and shipping constraints. Freight restrictions, costs and levies applied to log haulage are inhibiting the transfer of locally available logs between states.

Typical timber framing supply times have increased from 3 weeks to approximately 8-10 weeks.

Global demand

A boom is occurring in construction of housing around the world, spiking demand for timber globally. Across Australia we have seen a 26.9% increase in new detached construction above typical levels. Renovation work and work on detached housing is at record levels, and expected to grow over the coming quarters.

In NSW we estimate 28,250 construction starts in 2020/21, up 25% from 2018/19 and in line with the national figures.

North America in particular is competing strongly for imported timber products, including engineered wood products. Timber pricing there has increased by approximately 400% adding

more than \$23,000 USD to the cost of a new home. This is further driving up prices for imported timber, diverting supply away from Australia, and placing pressure on supply globally.

Price impacts on timber products

In NSW costs for engineered wood products have increased by approximately 60%.

Prices for structural framing timber locally have risen by 20% since 2020, with a further 15% rise expected in June. Suppliers are unwilling to give pricing forecasts beyond July due to the dynamic nature of the current global market.

It is anticipated the supply disruptions, high demand levels and resulting price impacts will continue for at least the next 12-18 months. This will place increasing pressure on the residential construction sector.

Security of the timber supply chain to meet short, medium and long term demand for future home building

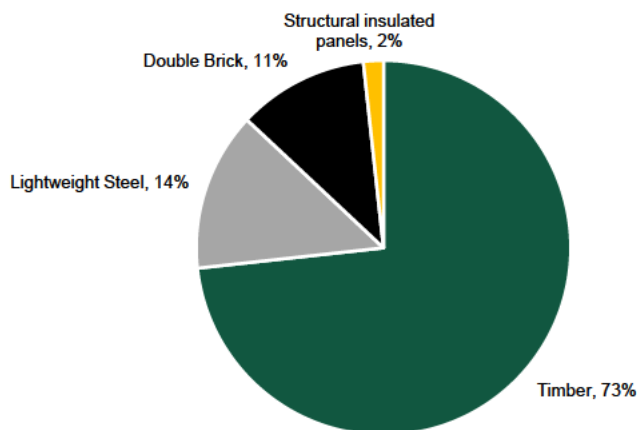
Long term housing forecasts are difficult given the current environment with the COVID-19 pandemic. However, based on population growth projections and ongoing replacement of aged housing stock it is conservatively estimated that there is demand for the construction of around 170,000 new dwellings per year on average in Australia.

It is estimated that between 95,000 and 115,000 detached dwellings will be constructed each year and around 75 per cent of these are expected to use timber framing for the load bearing elements of the walls and roof. While there has been growth in the use of alternate framing materials and building systems these still represent a very small proportion of the market.

The housing industry therefore needs to have confidence that this demand can be met and that government policies will facilitate and support the forestry industry to meet this year on year demand.

Load Bearing Elements in New Detached Houses

Source: ACI



Keeping the supply of timber for home building at a competitive price and not subject to significant market fluctuations

Following on from the comments on security of the timber supply chain to meet demand, the issue of timber remaining at a competitive price for residential construction is equally important and inherently linked.

For home building having a secure supply chain is essential but so is the price of material remaining at a competitive rate and not being subject to significant fluctuations in prices that could affect project viability and selection of materials.

This is particularly relevant given the high proportion of timber used in residential construction.

Whilst pricing of materials is generally a market driven mechanism, the security of supply and long term investment, business support, energy pricing, freight and haulage pricing and regulatory impediments are all interlinked to the issue of price. Actions that can support the sector to ensure that fluctuations on price are minimised and material prices are kept at competitive levels should be a focus for all governments.

That there is appropriate rigour in the timber supply chain for timber used in construction to ensure that it does not enable sub-standard or non-conforming products from making it onto building sites

Australia has a vast forest estate of almost 132 million hectares, making it the world's 7th most forested nation. However, despite an abundance of forest resources, there are only around 7.5 million hectares of multiple-use public native forests and nearly 2 million hectares of plantations almost evenly split into hardwood and softwood. Forest plantations occupy only 0.5% per cent of the 385 million hectares of agricultural land.

Australia's plantation estate area is declining. In 2018-19, only 2,750 hectares of new softwood and 50 hectares of hardwood were planted across Australia^[1]. New plantation establishment as shown in figure two has been flat lining for nearly a decade.

Furthermore, this lack of new plantings and replanting in Australia's plantation estate will lead to an expected shortfall of wood fibre over the next four decades. Without an increased supply of high quality local timber and forest products, Australia will be forced to import more potentially lower quality and sub-standard timber and fibre-based products.

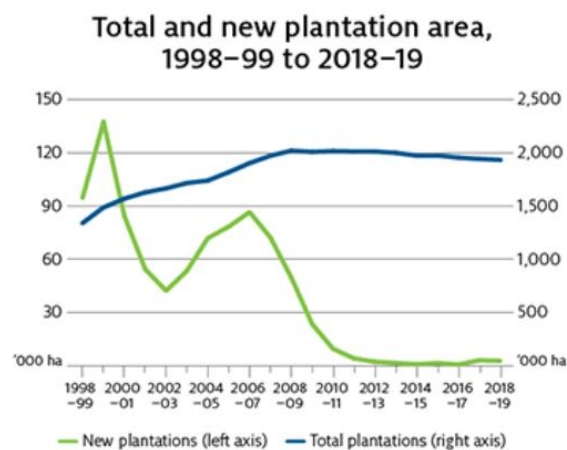


Figure 2. Source: ABARES^[2]

Therefore, Government policies need to ensure that Australia has a rigorous system in place to ensure that sub-standard or non-conforming timber (products purporting to meet a specific standard but don't meet the standards they claim to meet) do not make their way into the building supply chain and building sites particularly for timber products used in structural components of buildings.

This is applicable for both for domestically and internationally sourced products but particularly internationally sourced products.

This issue of non-conforming building products entering the supply chain and appropriate controls has been the subject of a previous Senate Inquiry and recommendations arising from the report are still progressing.

^[1] <https://www.agriculture.gov.au/abares/research-topics/forests/forest-economics/plantation-and-log-supply>

^[2] <https://www.agriculture.gov.au/abares/forestsaustralia/plantation-inventory-and-statistics>

Governments continuing to support Australia's forestry, manufacturing and supply sector

HIA supports efforts by governments to continue to support Australian made, grown and manufactured materials. Further to this, efforts to support Australian businesses that focus on exporting products should be maintained.

Additionally policies such as that launched by the Federal Government in 2018 regarding 'Growing a better Australia: A billion trees for jobs and growth' (National Forest Industries Plan), which includes a commitment to plant one billion new commercial plantation trees are an admirable commitment and one that industry fully supports.

These new trees are vital to meet the expected future increased demand for forest products, however, equally important and detailed in other submissions to this Inquiry, is ensuring that these trees are planted in the right locations. Planting new trees too far from where they will ultimately be used can have significant impacts on price and viability based on haulage prices and other factors.

Governments supporting research and development and removing any unnecessary barriers for further uptake of new and innovative products and materials particularly in respect to modular and systems based construction

The building industry is a dynamic industry and whilst the materials used and the construction methods implemented can appear from the outside looking in to be relatively static, in the past few years the industry has been looking for new ways to streamline building processes and save time on site.

For timber products this has included the move to offsite or prefabricated wall, floor and roof frames and significant uptake and supply of engineered timbers. Recent changes for multi residential and high rise construction has also seen the use of materials such as Cross Laminated Timber (CLT) begin to enter the mainstream.

Over the next 5 years it is expected that modular, off site and systems based construction will become more common, with many of these systems utilising common building materials such as standard framing as part of the system.

These innovations in construction systems and materials rely on investment in research and development to not only bring the systems to market through the testing and analysis but also equally important is changing mindsets and perceptions to these new and innovative approaches.

Existing regulations currently place some barriers and road blocks on new and innovative materials and approaches as they have generally been written with traditional construction materials and methods in mind and can be slow to adapt and evolve.

Governments can play a big part in removing unnecessary barriers and looking at proactive rather than reactive approaches to supporting innovation in the building sector.

Recommendations from the Federal Inquiry

The Federal House of Representatives Standing Committee on Agriculture and Water Resources initiated an inquiry in June 2020. They recently published their report '*Aussie logs for Aussie jobs: inquiry into timber supply chain constraints in the Australian plantation sector*' which contained a number of recommendations for long-term improvement in the Australian timber supply chain.

The recommendations of note in the Final Report include:

- To introduce a concessional loan scheme for the establishment of new timber plantations to improve the viability of potential projects and help to drive future investment.
- That the Australian Government prioritise new carbon abatement projects which deliver co-benefits to the Australian economy beyond carbon storage, including, but not limited to, supporting local industry, creating and sustaining jobs, and generating new downstream manufacturing opportunities.
- Development of a code of conduct for the timber industry to facilitate long-term timber supply contracts between producers and processors to better support the growth of an efficient domestic processing sector, while reducing the risks in relying on export markets.

- That the Australian Government and State and Territory Governments support a significant increase in Australia's forestry research and development capabilities

While none of these recommendations provide an immediate solution to the short-term problems faced by industry in the current market, they provide a useful starting point for any proposal developed in the course of this Inquiry.

Conclusion

The Inquiry provides an important opportunity to examine current and future demand for wood, the ability of the plantation sector to meet this demand, any constraints in the supply chain reducing the plantation sector's ability to meet demand, and look at ways in which Governments can support the timber supply industry.

These matters are equally important for the residential building industry in meeting current and future housing demand and to recognise that timber is and will remain the predominate material used in housing construction.

The Housing Industry Association appreciates the opportunity to provide a submission to the Inquiry on this important matter and would be willing to participate in any resulting Committee hearings.

Yours sincerely

HOUSING INDUSTRY ASSOCIATION LIMITED



David Bare
Executive Director