

Agreement in Principle

Mr FRANK SARTOR (Rockdale—Minister for Climate Change and the Environment, and Minister Assisting the Minister for Health (Cancer)) [10.14 a.m.]: I move:

That this bill be now agreed to in principle.

The National Park Estate (Riverina Red Gum Reservations) Bill 2010 seeks to implement one of the last major forest decisions in New South Wales, covering the mighty River Red Gum forests of the Riverina. Since 1995 a series of forest assessments and agreements have been undertaken in line with the National Forest Policy and have sought to resolve long standing debates over the social, economic, environmental and cultural values of the State's native forests. Starting in Eden, followed by southern New South Wales, the upper and lower north-east and then in Brigalow and Nandewar in 2005, forest assessments have resulted in a world-class network of conservation reserves protecting the outstanding biodiversity and cultural values of these forests while also ensuring a sustainable and viable timber industry that can have confidence in its long-term future.

Over the past year the Government has turned its attention to the River Red Gum forests of the Riverina. These iconic forests are dominated by a single species, the River Red Gum, which, in fact, is the most widespread eucalypt in Australia. However, only along the major river systems of the Riverina does this species form the majestic forests that mean so much to so many people and which also support a huge range of plant and animal species. Much of the Riverina is dominated by the river channels, floodplains, swamps and lakes of the Murray, Murrumbidgee, Lachlan, Edwards and Wakool rivers.

It is these landforms and the historic patterns of regular extensive flooding that have led to the development of the unique wetland forest ecosystems that the River Red Gum forests represent. Straddling the Murray River, the largest River Red Gum forests in the world have developed in the Barmah-Millewa and Koondrook-Perricoota-Gunbower forests of Victoria and New South Wales. Elsewhere along the Murrumbidgee and Lachlan rivers, and along the lower Murray River, the forests are less extensive, forming a string of forests along the rivers surrounded by grasslands and shrublands.

The River Red Gum forests represent a critical environmental resource in the Riverina. They are thought to be the key drivers of ecosystem processes in the floodplain, maintaining the diversity and resilience of river floodplain ecosystems upon which everything else relies. They provide breeding habitat for many colonial and migratory wetland bird species and are listed as Wetlands of International Importance under the Ramsar Convention. The forests also provide critical habitat resources for a range of inland forest fauna species, and support at least 60 terrestrial animals, 40 plant species and several ecological communities listed as threatened under New South Wales and Commonwealth legislation. Of course, they represent also an economic resource for the region and beyond.

For at least 10,000 years they have been of value to the indigenous communities of the Riverina, providing essential resources that contributed to the Riverina being one of the most heavily occupied regions of Australia at the time of European arrival. Since the settlement of Europeans in the region in the mid-nineteenth century the forests have been utilised for timber production. This long history of forestry has played an important role in the economic development of the region. Although today the forest industry forms only a small part of the regional economy—

Mr Andrew Fraser: Four thousand jobs.

Mr FRANK SARTOR: Rubbish! Although today the forest industry forms only a small part of the regional economy—less than 1 percent—it remains a significant component in several small towns, such as Mathoura, Barham and Darlington Point. Around 270 people are directly employed by businesses with Crown timber allocations, and the industry makes a direct contribution of around \$23 million to the region. There is also a significant industry based on private land harvesting in the Riverina. Many people, both locals and visitors, visit the forests for recreation, and tourism provides another important contribution from the forests to the regional economy. Both local communities as well as the broader community place a significant value upon the forests, and they remain of high cultural value to the traditional owners and Aboriginal communities of the Riverina.

However, the river red gum forests and the range of values that I have just outlined are under threat from a decline in flooding and water availability. These threats are such that the very future of the forests is in question. In order to ensure that the forests are best able to cope with the changes that are underway and to give the communities of the region the best possible opportunity of a sustainable future, in July last year the Government asked the Natural Resources Commission to undertake a regional forest assessment and to make recommendations on the use and management of the public land in the Riverina.

Mr Andrew Fraser: It's flawed.

Mr FRANK SARTOR: The member for Coffs Harbour will get his turn to speak.

Mr Andrew Fraser: It's flawed, and you know it.

Mr FRANK SARTOR: He should be polite and listen carefully. This is an important issue. In December the Natural Resources Commission submitted its assessment and recommendations to the Government. The commission's findings very clearly lay out the challenges faced by the forests and the communities reliant upon them. The commission's report states:

The river red gum forests and the industries and social systems they support are in decline due to river regulation, over-allocation of water and drought. This decline is predicted to worsen under climate change.

The Natural Resources Commission made a set of findings and recommendations to attempt to address this decline and meet the needs of the environment and the communities of the Riverina. The recommendations addressed such matters as water reform, forest management, and the establishment of national and regional parks, timber industry assistance and regional development. This bill represents the core of the Government's response to the report and recommendations of the Natural Resources Commission.

The Government endorses and will implement nearly all of the recommendations of the Natural Resources Commission, including the establishment of new national parks and regional parks, including for the Millewa forest. It will also commence the process of establishing Indigenous protected areas for the Werai and Taroo forests. In addition, the bill will ensure that the structural adjustment package for the industry, its workers and the communities of the region can be implemented. It will provide for the continuation of forestry activity for a transitional period in part of the Millewa forest in order to assist the industry to adjust and also will provide for harvesting to continue under existing environmental controls until an Integrated Forestry Operations Approval is developed in other areas by December this year.

One of the key recommendations of the Natural Resources Commission was to undertake collaborative water reform to deliver increased environmental water flows to sustain the essential floodplain ecosystem processes of the river red gum forests. Indeed, its report made it clear that reduced river flows and altered flooding regimes were primary drivers of the decline in the condition and health of the forests. For more than a decade the New South Wales Government has led efforts to secure water for the environment through planning mechanisms, water purchase and water-efficient infrastructure. Water-sharing plans under the Water Management Act have led the way in setting aside water for the environment through statutory mechanisms. This includes an annual environmental water allocation of 100,000 megalitres to the Barmah-Millewa Forest, provided equally from the water entitlements of New South Wales and Victoria.

Environmental water recovery through the purchase of irrigators' licences is a significant element of the New South Wales Government's commitment to rehabilitation and protection of stressed rivers and iconic wetlands. The \$101 million New South Wales RiverBank program was the first program dedicated to the purchase of environmental water entitlements in Australia and remains the largest dedicated fund for environmental water purchase at the State level. In the southern Murray-Darling Basin, the Living Murray Initiative is returning up to 500,000 megalitres to improve the environmental health of six icon sites, including the Millewa Forest, the Koondrook-Perricoota Forests, the New South Wales portion of the Chowilla Floodplain and the Murray River channel.

Environmental works and measures are an important mechanism to maximise the benefits of any environmental flows. Part of the Living Murray Initiative, the Environmental Works and Measures Program, is a package of structural and operational measures primarily targeted at the six icon sites. Commencing in 2003, the \$276 million program includes works to enhance the capacity to deliver water within the Koondrook-Perricoota and Millewa forests and to fishways within the Murray River.

The Government supports the recommendation of the Natural Resources Commission to increase water entitlements to the river red gum forests. However, the quantum and timing of water recovery will be driven by the Murray-Darling Basin Plan, which is being prepared by the Murray-Darling Basin Authority, as well as by prioritisation of water purchase by the Commonwealth environmental water holder. These are not matters for this bill. The New South Wales Government is working closely with the Murray-Darling Basin Authority to assist it with development of the basin plan. The draft plan, which will be released for public consultation in July 2010, will identify key environmental assets across the basin, including within the Riverina bioregion.

The cornerstone of this bill is the creation of over 100,000 hectares of new protected areas, including 65,922 hectares of national park, 15,259 hectares of regional park and 20,684 hectares of land which will, when the Aboriginal community is ready, become Indigenous protected area. Included within the new national and regional parks are the Barooga and Millewa forests along the Murray, which will be incorporated into the new Murray Valley National Park and Murray Valley Regional Park; the forests of the Murrumbidgee below Narrandera, including the current Yanga National Park, which will be incorporated in the new Murrumbidgee Valley national

park and regional park; and a string of forests along the Lachlan, which will become the new Lachlan Valley national park and regional park. In addition, a new Euston Regional Park and Kemendok National Park will be created on the lower Murray River. These new national and regional parks will form a magnificent network of conservation reserves for the river red gum forests and will complement the recently gazetted reserves across the Murray River in Victoria.

Part 2 of the bill provides for the land transfers necessary to establish the new reserves. It provides for the establishment of most of the new national parks and regional parks from 1 July 2010. Of course, just creating new parks is not enough. The Natural Resources Commission has made the scale of the challenge clear and emphasised the need for adequate funding of the National Parks and Wildlife Service for the active management of the new reserves. The Government will ensure the service is adequately resourced, and has set aside a total of \$23.52 million for park management over the next three years. Included in this allocation is \$11.83 million of capital expenditure for the establishment of the new reserves, and another \$9.69 million of recurrent management funding. In addition, the Government has set aside \$2 million to support Aboriginal communities, such as the Yorta Yorta of the Central Murray, to become directly involved in the management of the new reserves and for the development of Indigenous protected areas for Werai and Taroo.

The Riverina red gum forests already provide many benefits to local communities through the number of visitors that come to experience them, to camp and fish, and to ski and paddle on the rivers. The creation of new national and regional parks will not change this. The National Parks and Wildlife Service has already been out promoting the new reserves at the Melbourne Caravan and Camping Show. The National Parks and Wildlife Service has significant experience in developing new tourism markets and the Government believes that the creation of these world-class parks will increase their profile and lead to a stronger, more diverse and higher value tourism industry, which will benefit all of the Riverina.

[Interruption]

I always listen to the member for Murray-Darling in silence. The Government understands that the management of these stressed wetland forests will require a different approach to traditional park management. It is clear the local community of the Riverina has some strong views on this, and the Natural Resources Commission also has made very clear recommendations about the need for active and adaptive management, including a large-scale trial of ecological thinning. The Government has listened, the National Parks and Wildlife Service has listened, and I can announce that the Government has set aside an additional \$3.5 million beyond the management funds I have already described to implement adaptive management and a broad-scale trial of ecological and scientific thinning within the new national and regional parks and in cooperation with other land managers on other tenures. The planning of the trial has already commenced. It will be done in close cooperation with the Victorian Government, which has already commenced similar work in their river red gum forests.

Part 2 of the bill also provides for the Werai and Tareo groups of forests, which have been recommended by the Natural Resources Commission for establishment as Indigenous protected areas. Indigenous protected areas are lands managed by Indigenous communities for the conservation of flora, fauna and cultural sites in line with international guidelines and are recognised as forming part of the national reserve system. The Government is strongly supportive of these lands being handed to an appropriate Aboriginal organisation that has the interest and capacity to manage the lands for their conservation value, such that they can form part of the national reserve system.

The Commonwealth Government runs the Indigenous protected area program and it is not within the power of the New South Wales Government to create an Indigenous protected area. Despite this, the New South Wales Government intends to continue to work cooperatively with the Commonwealth so that the lands will be able to be managed under this program. Should this not be possible, another option would be the application of a voluntary conservation agreement. The bill, therefore, provides for the Werai and Taroo groups of forests to remain as State forests in the interim, and then to be revoked at a time when the Minister administering the National Parks and Wildlife Act can certify that they are to be vested in an Aboriginal organisation for the purposes of management for nature or cultural heritage conservation. Should this not occur prior to 1 July 2015, the lands will be vested in the Minister administering the National Parks and Wildlife Act, with the intention that they would be vested in an appropriate Aboriginal organisation for conservation management once such an arrangement is possible.

Part 2 of the bill also provides for the revocation of some State forests and for them to be vested in the Crown as Crown land. These forests were recommended by the Natural Resources Commission to be managed for conservation as private covenanted land or public conservation reserve. The Government considers these lands should be managed for conservation. However, their preferred tenure is yet to be determined. The bill provides for their vesting as Crown land and identifies their preferred use as nature conservation, with their final management and tenure to be resolved under established Crown Lands Act processes. A critical component of all forest assessments has been the establishment of a structural adjustment package for the parts of the industry and their workers impacted by the Government's decision. This bill provides for such a package by amending the Forestry Restructuring and Nature Conservation Act 1995 to allow payments to be made from the Environmental Trust Fund to offset payments made from the Consolidated Fund for the implementation of

forestry structural adjustment programs in the Riverina.

The Government has developed the Riverina red gum structural adjustment package based upon what was applied in the Brigalow, but with some differences, the most important of which is that mills and other operators will be paid business exit assistance that is related only to the amount of the sustainable yield which will be lost due to the creation of the new national and regional parks and other reserves. The Natural Resources Commission has demonstrated that the sustainable yield of sawlogs in the Riverina red gum forests is well below the level of allocations to mills and other operators in recent years. The overallocation has impacted the forests and benefited the mill owners and operators in the short term. The Government cannot justify paying out for wood that simply does not exist, so historical allocations will not be used as the basis for payments.

ACTING-SPEAKER (Mr Frank Terenzini): Order! Opposition members will have an opportunity to contribute to the debate.

Mr FRANK SARTOR: Instead the Government has examined the work of the Natural Resources Commission on the sustainable yield, including its more detailed work completed in early February on the central Murray. The Government has also had access to recent analysis by Forests NSW. Taking into account all the analyses, the Government has determined that the sustainable yield of high-quality quota sawlog from the Crown supply is 1,996 cubic metres per annum in the Murrumbidgee, 12,725 cubic metres per annum in the central Murray and 1,100 cubic metres per annum in the lower Murray, comprising 800 cubic metres per annum from Western Lands leases and 300 cubic metres per annum from State forests.

These sustainable yields will then be impacted by the loss of State forest to create new national and regional parks and other reserves. In the Murrumbidgee, all State forests will be revoked so there will be no timber supply available. In the central Murray timber will continue to be available from Koondrook-Perricoota and Campbell's Island State forests, providing a sustainable yield of high-quality sawlog of 4,413 cubic metres per annum. In the lower Murray, the Western Lands leases will continue to be available for harvest and will provide a sustainable yield of 800 cubic metres of high-quality sawlog per annum.

Were these volumes to be distributed among all businesses, there would not be sufficient wood available for them to be viable. This is why the Government has allocated up to \$12 million in the structural adjustment package for business assistance, plus an additional contingency related to business exit packages. It is envisaged that some mills and operators will choose to exit fully and effectively sell their remaining allocation back into the pool for use by those businesses that choose to remain. The Government will work closely with the mills to facilitate this process. In fact, discussions with mills in the regions have commenced. A number have indicated that they may wish to exit the industry. The Government will continue the discussions to determine, in conjunction with the mill owners, the final allocation of timber resources among them in the future.

All workers who lose their jobs as part of the changes to Crown allocations and yields and the full or partial closure of mills with Crown allocations will be eligible for special worker assistance on top of their statutory payments from their employer. The Government has set aside \$16 million from the structural adjustment package for this purpose. Worker assistance payments have been set at \$81,360 per worker, plus up to \$10,000 reimbursed for retraining. I advise the House that last week the Government commenced rolling out the Riverina red gum package by providing the exit payment to the Darlington Point sawmill in the Murrumbidgee.

Mr John Williams: You want them to get out.

Mr FRANK SARTOR: And others want to get out too. The owners of the mill had requested an early exit from the industry due to limitations on timber supply. The bill will help to ensure that the former State forests along the Murrumbidgee, which were logged for the Darlington Point mill, will form part of the Murrumbidgee Valley National Park, with an area of 11,299 hectares, and the Murrumbidgee Valley Regional Park, with an area of 1,197 hectares. In addition, the Government will provide up to \$5 million for industry development assistance in the Riverina.

Any businesses with proposals for industry development, either within or outside the timber industry, will be eligible to apply for these funds. The Riverina red gum steering committee will advise the Minister for Climate Change and the Environment on the expenditure of these funds, and the expenditure must be employment related. The Government has set aside a maximum of \$38 million through the Forest Restructuring and Nature Conservation Act for structural adjustment of the industry. This is capped and a sunset date of 30 June 2015 will apply to payments.

The Government is very mindful of the implications of its decision and remains committed to the future of towns and communities of the Riverina that will be affected by these necessary changes to the Riverina red gum industry. To further assist these communities, the Government has set aside an additional \$10 million for a regional employment and community development fund. This fund will seek to support and assist new and alternative business and development opportunities that will be of broad benefit to the community. The Minister for Climate Change and the Environment will be advised by a committee comprising local representatives, including local government and Regional Development Australia, on the expenditure for this fund.

The Government understands that the adjustment for the timber industry will be difficult, and that some mills and other timber operations will need to close due to the reduction from current unsustainable annual allocations as well as the creation of new national and regional parks and other reserves. This will particularly be the case in the Murray supply area. The reservation of the Millewa forest will have a major impact upon these mills. This cannot be denied. However, the Government is determined that this internationally significant forest, along with the Barmah forest across the Murray in Victoria, will be protected for future generations, and believes that these forests will form the iconic heart of the Riverina red gum reserve system.

Nevertheless, the Government has thought long and hard about how to lessen the impact of this decision. After much consideration, the Government proposes a transitional period of logging within part of the Millewa group of forests, which would assist the timber industry and its workers to adjust to the new reality. It would permit businesses to reduce their harvest levels more gradually, smoothing the impact on employees and the towns and communities they support. The bill provides for a five-year transition over the eastern part of the Millewa forest group. During this five-year period, the transitional area will remain State forest. By 1 July 2015 the State forest will be revoked and the land will be reserved as national and regional park.

Let me be very clear about this: The reservation of the transitional area as national and regional park will be achieved by this bill. It will not require any further action by the government of the day in 2015. As a result of this bill, on 1 July 2015 the transitional area will become national and regional park. As the Minister for Climate Change and the Environment, I state that the decision to allow a transitional period of logging was not an easy one. I needed to be convinced that sufficient controls could be put in place to ensure that this would not significantly degrade the values that make it worthy of national park status. The bill makes clear provisions to protect the red gums that will be supported by a specific Millewa transitional forestry code.

One of the key measures that will be included in the code is the prescription of an annual limit on the volume of timber that can be harvested. That figure will be based upon the sustainable yields determined by the Government following the work of the Natural Resources Commission and Forests NSW. The code will establish the upper limit of high-quality quota sawlogs that will be cut from the Millewa transition area in the first year of the transition period at 6,300 cubic metres, gradually reducing to 4,383 cubic metres in the final year. Similar limits are set for low-quality ex-quota sawlogs and residue. The total cut of quota sawlogs over the five-year period of transition will not exceed 26,583 cubic metres, which represents less than 10 per cent of the total harvestable standing volume of quota sawlogs in Millewa State Forest as estimated by Forests NSW.

The bill and the code will also prohibit the use of Australian group selection as a harvesting technique, set improved standards for the retention of large, habitat and recruitment trees, increase requirements for habitat protection, and establish standards for threatened species survey and protection. The bill establishes the key principles for the code, including some that I have already mentioned, and provides for the code to be made by the Minister administering the National Parks and Wildlife Act through an order in the *Government Gazette*. To be sure that the code is complied with, the Government has set aside \$1.35 million for compliance activities to be carried out by the Department of Environment and Climate Change, with a focus on the Millewa transitional area. The enforcement provisions available under the Forestry and National Parks Estate Act will apply to the Millewa Transitional Forestry Code as if it were an Integrated Forestry Operations Approval.

As I outlined earlier, water is the critical element for maintaining and enhancing the health and ecology of the river red gum forests. This will continue to be the case in the Millewa forests, which are fortunate to have greater access to natural and environmental flows than many of the forests. Much of the water infrastructure is located in the eastern parts of the forest, within the transition zone. The New South Wales Government has obligations under The Living Murray program to facilitate the delivery of environmental water to these forests, which are recognised under the Ramsar wetlands convention.

Mr Andrew Fraser: Why do you think they are?

Mr FRANK SARTOR: Because you are still destroying the forests. Many of the highest-value wetlands are found in the western Millewa in the area to be made national and regional park on 1 July 2010. Within the Koondrook-Perricoota and Campbells Island State forests logging will continue, as it will for an interim period pending the establishment of Aboriginal ownership and management in the Werai and Taroo groups of forests. The bill provides for the development of an Integrated Forestry Operations Approval in these forests, in line with the Forestry and National Parks Estate Act. This will bring logging standards up to those that apply elsewhere in New South Wales. The Government will expedite the development of the Integrated Forestry Operations Approval to ensure that it will be ready by the end of this calendar year. This will help provide industry with the certainty it is seeking, but in return will establish a strong and clear regulatory arrangement.

At present the Forestry and National Parks Estate Act requires that a forest agreement be signed before an Integrated Forestry Operations Approval is prepared. The Government considers that the comprehensive nature of the assessment by the Natural Resources Commission, along with the detailed and credible response of the Government as provided for in this bill, means that there is no need for a formal forest agreement. For this reason the bill amends the Forestry and National Parks Estate Act to remove the requirement for a forest

agreement in this case. This will permit the preparation of a comprehensive Integrated Forestry Operations Approval to be expedited.

The Government understands that within parts of the Riverina, State forests are an important source of firewood for the heating of homes. Many towns, including Deniliquin, are not connected to gas, and Forests NSW has managed a permitting process to allow individuals to go to certain State forests and collect firewood from off the ground. The Government does not wish to see people who have relied on this arrangement disadvantaged, so it has included a specific provision in this bill to ensure that this can continue inside some regional parks under new arrangements managed by the Department of Environment, Climate Change and Water.

Mr Andrew Fraser: What about those who can't cut their own wood, Frank?

Mr FRANK SARTOR: Just listen. I am answering all that.

ACTING-SPEAKER (Mr Frank Terenzini): Order! The member for Coffs Harbour has had an opportunity to contribute to the debate. He will listen to the Minister in silence.

Mr FRANK SARTOR: The comments of the member for Coffs Harbour reveal a lot of misapprehension and misunderstanding.

ACTING-SPEAKER (Mr Frank Terenzini): Order! The Minister will not encourage the member for Coffs Harbour.

Mr FRANK SARTOR: You are quite right, Mr Acting-Speaker. I will cease responding to his interruptions. The bill allows firewood to be collected by individuals or not-for-profit organisations that have been issued with annual licences by the department. Firewood can be collected from off the ground only in zones within regional parks that have been determined by the department. Firewood collection for use outside parks will not be permitted in any national parks, nor will it be permitted outside the Riverina. This measure is intended for locals of the Riverina only, and provisions will be put in place to ensure that it does not apply outside the region. Also, this measure will not permit the felling of trees within national and regional parks for firewood.

Wood will be able to be cut only if it is on the ground. The department will ensure that sufficient supplies are available and may use wood obtained from ecological thinning undertaken elsewhere and brought into the firewood zones for this purpose. Detailed information will be made available prior to the commencement of the provisions on 1 July 2010. I consider this bill to be a vital measure in improving the management of our beautiful river red gum forests, and I believe that future generations will look back at these decisions as a turning point for the health of the forests and the communities of the Riverina. I commend the bill to the House.