

Second Reading

The Hon. PENNY SHARPE (Parliamentary Secretary) [12.31 a.m.]: I move:

That this bill be now read a second time.

The National Park Estate (Riverina Red Gum Reservations) Bill 2010 (No 2) delivers the most significant forest conservation decision in many years, over the river red gum forests of the Riverina. It will result in the largest single reservation since the Brigalow decision in 2005. This is a big conservation outcome, one for which our grandchildren will thank us. Since 1995 a series of forest assessments and agreements has been undertaken in line with the National Forest Policy that has sought to resolve longstanding debates over the social, economic, environmental and cultural values of the State's native forests. Starting in Eden, then followed by southern New South Wales, the upper and lower north-east, and in 2005 in the Brigalow and Nandewar, 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. The missing piece in the forest puzzle has been the Riverina red gum forests, but not for any longer.

These iconic forests are dominated by a single species, the river red gum, which is in fact the most widespread eucalypt in Australia. However, only along the major river systems of the Riverina does this species form the majestic and extensive forests that are the subject of this bill. Much of the Riverina is dominated by the river channels, floodplains, swamps and lakes of the Murray, Murrumbidgee, Lachlan, Edwards and Wakool rivers, and 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, 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, and lower down the Murray, the forests are less extensive, forming a string of forests along the rivers surrounded by grasslands and shrub lands.

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 the river floodplain ecosystem upon which everything else relies. They provide a 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 also represent an economic resource for the region and beyond. They have for at least 10,000 years 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, and although today the forest industry forms only a small part of the regional economy—less than 1 per cent—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.

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. In December the Natural Resources Commission submitted its assessment and recommendations to the Government. Its findings lay out very clearly the challenges faced by the forests and the communities reliant upon them. The report stated:

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. 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. The bill will deliver on several of the key recommendations, including the establishment of new national parks and regional parks, including for the entirety of 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 a fair and effective structural adjustment package for the industry, its workers and the communities of the region can be implemented. It will provide for harvesting to continue within the Koondrook-Perricoota and Campbells Island State forests under existing environmental controls until an integrated forestry operations approval is developed 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 river red gum forests. Indeed, the 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 irrigator's 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 iconic 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 for maximising 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 targeted primarily at the six iconic 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 cornerstone of this bill is the creation of more than 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 that will, when the Aboriginal community is ready, become an indigenous protected area. Included from 1 July 2010 within the new national and regional parks are the entirety of the Millewa and Barooga 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 former Yanga National Park, which will be incorporated in the new Murrumbidgee Valley National Park and Murrumbidgee Regional Park; and a string of forests along the Lachlan, which will become the new Lachlan Valley National Park and Lachlan Valley 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 from 1 July 2010. The Government will ensure that the new reserves are properly managed, and it will set aside a total of \$23.52 million for park management over the next three years. This includes \$11.83 million of capital expenditure for reserve establishment, and another \$9.69 million for recurrent management funding. Another \$2 million will 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, and 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 the Riverina. The Government is treating seriously the recommendations of the Natural Resources Commission about adaptive management and thinning.

An amount of \$3.532 million will be set aside to implement adaptive management and a broad-scale trial of ecological 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 and it will be done in close cooperation with the Victorian Government, which will undertake similar work in its river red gum forests. 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 to be disadvantaged, so it has included a specific provision in the bill to ensure that this can continue inside some national and regional parks under new arrangements managed by the Department of Environment, Climate Change and Water.

The bill will permit firewood to be collected by individuals or not-for-profit organisations that have been issued with annual licences by the department. Firewood can only be collected from off the ground in zones within regional and national parks that have been determined by the department. Zones and permits will be determined so as to minimise the impacts of collection on the forest ecosystems. Firewood collection for use outside parks will not be permitted outside the Riverina. This measure is intended only for locals of the Riverina, and provisions will be put in place to ensure it is not provided to people living outside the region. In addition, this measure will not permit anyone to cut down any trees for any reason. Wood will only be able to be cut if it is on the ground. The department will ensure that sufficient supplies are available and may use wood obtained from ecological thinning or planned hazard reduction activities that will be considered under soon to be developed reserve fire management plans.

The inclusion of national parks in these firewood provisions is in direct response to the removal of the Millewa transitional arrangements. The Government considers this only as a stopgap measure and will look to cease this arrangement for the national parks as soon as possible. The interim arrangements provide an opportunity to determine alternative timber and heating fuel sources. Part 2 of the bill also provides for the Werai and Taroo groups of forests, which have been recommended by the Natural Resources Commission for establishment as indigenous protected areas, which 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. The bill vests the Werai and Taroo groups of forests in the Minister administering the National Parks and Wildlife Act, under part 11 of that Act, from 1 July 2010. Following negotiations with the Aboriginal community, they will be vested in an appropriate Aboriginal organisation for conservation management when such an arrangement is possible. The bill makes it clear that these lands can be divested for purposes that go beyond the objects of the National Parks and Wildlife Act. This will allow Aboriginal communities to engage in ecologically sustainable commercial activities that will help to support the land's contribution to the national reserve system, hopefully, as an indigenous protected area.

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 that 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. The Government is intent on providing the river red gum timber industry and its workers with a fair and equitable structural adjustment package. This has been a critical component for all forest assessments, and the Government has been discussing this with the timber industry to ensure that it gets it right.

The bill amends 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. Some payments will also be made directly from Forests NSW. 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 the mills and other operators will be paid business exit assistance broadly based on paying out the equivalent of two years worth of their 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 is well below the level of allocation to mills and other operators in recent years. The over-allocation has impacted the forests and benefited the mill owners and operators in the short term. Therefore, sustainable yields rather than historic allocations will form the basis for payments. The Government has determined the future sustainable yield based on the Natural Resources Commission assessment, its supplementary report, and an analysis by Forests NSW. On this basis, 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. 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 that no timber supply will be 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. Were these volumes to be distributed amongst all businesses, there would not be sufficient wood available for them to be viable. Inevitably, some will close and effectively sell their remaining allocation back into the pool for use by those businesses that choose to remain. Following advice on the financial position of the mills and close discussions with them and the Forest Products Association, the Government will now be allocating up to \$25 million for business exit assistance to support the timber mills and smaller timber operators with a Crown allocation. This process has started, and the Darlington Point Sawmill on the Murrumbidgee has begun shutting down and the first exit payments have been made. The bill will help ensure that the former State forests along the Murrumbidgee that were logged for the Darlington Point mill will form part of the Murrumbidgee Valley National Park, 11,299 hectares, and the Murrumbidgee Valley Regional Park, 1,197 hectares.

The New South Wales Forest Products Association has raised concerns with the Government that the process of amalgamation of residue allocations carried out at the instigation of Forests NSW in 2008 has led to some disadvantage to those who have purchased the allocations of others. The Minister for Climate Change and the Environment has asked the river red gum steering committee to meet with the Forest Products Association and work through this issue. All workers who lose their jobs as a result 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. These payments have been set at \$81,360 per worker, plus up to \$10,000 for retraining.

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. This allocation will also be available to businesses that can demonstrate they meet the criteria as being dependent on timber businesses with a Crown allocation that have closed as a result of this decision. The river red gum steering committee will advise the Minister for Climate Change and the Environment on the expenditure of these funds. The Government has increased the total funding package for structural adjustment, including business exit assistance, worker assistance and industry structural adjustment, including dependent businesses, to \$51.5 million.

The Government is 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 river red gum industry. In order to further assist these communities, the Government has set aside \$12 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 consisting of local representatives including local government and Regional Development Australia on the expenditure for this fund.

The Government has also listened to requests for greater accountability in the expenditure of funding allocated in the river red gum package, and has extended the reporting provisions in the former bill to cover all expenditure. In addition, at the end of five years there will be an independent assessment of the outcomes achieved in the river red gum forests since the decision. 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.

The bill provides for the development of an integrated forestry operations approval in the remaining production 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 it will be ready by the end of this calendar year. This, along with new 10-year wood supply agreements, will provide industry with the certainty it is seeking, but in return will establish a strong and clear regulatory arrangement. This bill will secure the future for these magnificent forests. It also provides an opportunity for a fresh start for communities of the Riverina. I commend the bill to the House.