Answers to Question on notice taken by ALISON RUDMAN, NSW District Assistant Secretary CFMEU Manufacturing Division - Construction Forestry Maritime Mining and Energy Union, public hearing - Wednesday, 29 September 2021 Legislative Council's
PORTFOLIO COMMITTEE NO. 4 - INDUSTRY

Inquiry: LONG TERM SUSTAINABILITY AND FUTURE OF THE TIMBER AND FOREST PRODUCTS INDUSTRY

NSW Manufacturing Division – Responses to Questions on Notice

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Q: **Mr JUSTIN FIELD:** What percentage of CFMEU members are in the hardwood sector versus the softwood sector?

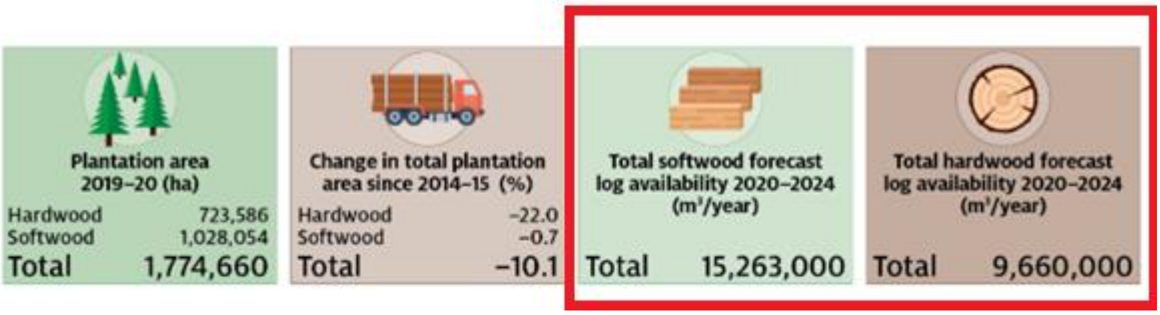
Ms RUDMAN: I would have to have a look at the exact figures, but I would say that there are less members in the hardwood sector than the softwood sector, in part because of where the work is performed and the history of that work.

Mr JUSTIN FIELD: If you could take that on notice and come back with any details, that would be really useful

A : We do not keep specific statistics of CFMEU members involved in the hardwood sector compared to the softwood sector because that approach would yield inaccurate data (For example some harvest and haulage companies and workers work across sectors and some processors take both softwood and hardwood log feedstock etc). Nonetheless, there are some factors which support evidence provided at the committee hearing that there are less CFMEU members in the hardwood sector than the softwood sector.

The scale of most softwood processors in terms of log throughput capacity is larger than most hardwood processors. In addition, approximately 90% of logs harvested in Australia are from plantations. Of this the majority are softwood logs, whereas hardwood plantation logs are predominately short ration pulp logs where there is a lack of domestic processors and therefore less value adding occurring onshore (and therefore less employment)

Plantation and Log Supply



Source: Australian plantation statistics and log availability 2021: https://www.awe.gov.au/abares/research-topics/forests/forest-economics/plantation-and-log-supply

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Q : The CHAIR: It has. I will start with you, Ms Rudman, and ask you to take this on notice. In your

submission you talked about regulatory creep. On notice, could you come back to us with some examples of some

recent regulatory creep within the timber industry that has actually hurt the industry?

Ms RUDMAN: Yes, Chair, I will

A : Harvesting in NSW's Regional Forest Agreement areas which are allocated to the timber industry needs to occur in a way which (considering recognition of the Comprehensive Adequate and Representative Reserve) is ecologically sustainable.

In NSW this means that in the very small area of native forest where harvesting is allowed to occur, it is to be undertaken in line with the State's Forest Management Framework.

The New South Wales Forest Management Framework is a comprehensive system for delivering Ecologically Sustainable Forest Management (ESFM) within the NSW forested estate.

Principles of Ecologically Sustainable Forest Management (ESFM) according to the framework are to

- Maintain or increase the full suite of forest values for present and future generations across the NSW native forest estate;
- Ensure public participation, access to information, accountability and transparency in the delivery of ESFM;
- Ensure legislation, policies, institutional frameworks, codes, standards and practices related to forest management require and provide incentives for ecologically sustainable management of the native forest estate;
- Apply precautionary principles for prevention of environmental degradation; and
- Apply best available knowledge and adaptive management processes.

An example of regulatory creep in the timber industry in Australia is the Leadbeater Possum prescription in Victoria introduced in 2014. This was introduced following the 2009 Black Saturday Bushfires burning 70% of the Leadbeater Possum special reserve.

The prescription involves all new Leadbeater's Possum colonies located in state forests being protected by a 200-metre radius (12.6 hectare) buffer zone. This prescription was not lifted despite the target of colonies originally envisioned be protected being greatly exceeded. The impact on wood supply to the industry has been extreme.

The 19-20 summer bushfires are reported to have burnt 5.5 million hectares (7% of the state), including over 2.7 million hectares in national parks. We understand this included 831,439 hectares of native forest managed by Forestry Corporation.. This equates to around half of the native forest estate, including productive forest areas, as well as areas managed solely for conservation.

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The impacts of fires in terms of scale and severity were most pronounced on the south coast and upper north coast, with the western region largely unaffected. [1]

The NSW timber industry has suffered from an overly onerous approach by regulators, particularly the environmental regulator following the bushfires regarding timber harvesting and production of initially salvageable timber and now of unburnt timber.

The result of this has been that timber production from native forests fell to below one third of pre-fire levels according to evidence provided by Forestry Corporation to the NSW Parliament in a public hearing earlier this year. [2] This has impacted jobs, hours at work and production in the hardwood sector and there has been no support for workers and communities suffering stand downs and job losses.

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Q:The Hon. SAM FARRAWAY: My point is, is the CFMEU finding in other States as well that there is a huge domestic supply shortage, and that is because all States have a housing boom at the moment?

Mr ERRINGTON: At the moment I cannot honestly speak for any other State. I can only speak for our region at the moment, but I can take that on notice and try and get to Alison and get further information through to you. But at the period, our time is struggling with timber for our general area. The rest of the State and the rest of the other States, I cannot comment on. I am sorry.

A: Yes, we are seeing a timber shortage throughout Australia. This is being caused by several factors including extremely domestic and global demand because of an increase in housing construction and renovation.

In the past when demand has increased, imports have been able to be sourced to assist local supply in satisfying demand. This has not covered the shortfall this time because it has occurred concurrent to the resource loss of the fires, the demand for timber is high globally and, supply chain logistics issues are making imports increasingly unreliable. Being overly reliant on import/export market makes local jobs precarious.

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[1] Forestry Corporation Annual Report 2019–20 Written and compiled by Forestry Corporation of NSW, 10, Available online: https://www.forestrycorporation.com.au/__data/assets/pdf_file/0007/1278340/FCNSW0739-AnnualReport_FY20web-1.pdf

[2] Ansul Chaudary, Acting Chief Executive Officer, Forestry Corporation, PORTFOLIO COMMITTEE NO. 4 - INDUSTRY Friday, 26 February 2021, 15 available online: https://www.parliament.nsw.gov.au/lcdocs/transcripts/2520/Transcript%20-%2026%20February%202021%20-%20CORRECTED%20-%20PC%204%20-%20Regional%20New%20South%20Wales%20Industry%20and%20Trade%20-%20Barilaro.pdf

This current shortage though is a warning of things to come in the medium and long term due to increasing demand for house framing timber in Australia and flatlining local supply.

The local supply problems are partly attributable to limited plantation establishment (a decline since 2014-15 according to ABARES recent reports[3]). This in turn leads limited sawmilling capacity necessitating an increasing reliance on imports.

There is little reason to believe that the constraints on imports will lift any time soon. Please see this brief prepared by our union on July and provided to the Federal Government for further information.

[3] Again see: Australian plantation statistics and log availability 2021: https://www.awe.gov.au/abares/research-topics/forests/forest-economics/plantation-and-log-supply