RESPONSE TO QUESTIONS ON NOTICE:

PORTFOLIO COMMITTEE NO.4 – INDUSTRY
LONG TERM SUSTAINABILITY AND FUTURE OF THE TIMBER AND FOREST PRODUCTS INDUSTRY.

12 November 2021

1. Questions from Hon. Mick Veitch

1.1 Do we have sufficient plantation softwood and hardwood in NSW to meet supply going forward, say, for 20 to 30 years?

The short answer is no. The evidence was outlined in the Australian Forest Products Association New South Wales (AFPA NSW)'s written submission and further evidence supporting this information includes:

a) release of ABARES "Plantation and log supply" report on 26 October 2021 which demonstrates the stagnation in plantation estate growth.
b) a joint Master Builders and AFPA report published 28 September 2021 about housing timber frame shortage by 2035.

1.2 What are the supply chain costs for your industry from go to whoa ie the haulage costs and all the input costs to your supply chain?

AFPA NSW represents a range of members with diverse and sometimes complex chains. Our members for example include cardboard manufacturers who use wood pulp for production or processors who provide residues for production of laminated timbers.

In terms of the forestry aspect of our supply chain it would be fair to say that the impacts of the Black Summer bushfires have impacted through increased costs for processors in some areas of the state. With a loss of approximately 40% of the softwood plantation in the southwest of the state for example, the resulting shortage means that logs may be sourced from further afield with obvious increased haulage costs.

It's worth emphasising that one of the philosophies of the Australian Government's establishment of Forestry Hubs, of which there are four in NSW, was to develop local supply chains in regional areas. This would also provide potential for increasing private plantations on farms.

In relation to the Walcha timber diverted from export and made available to mills in the Tumut and Tumbarumba region, AFPA NSW reiterates it's support for the NSW Government's initiative to divert 270,000 tonnes of timber supply from export.

2. Questions from Hon. Peter Primrose

2.1 Can you please comment on whether we can better utilise in Australia vast quantities of lower grade wood currently being exported to China and other Asian countries?

2.2 Is there a sufficient quantity involved that this is a matter that this Committee should be looking at more closely?

Australia has a long history of importing more timber than it exports which is again reflected in the 2021 ABARES Plantation and log supply report. For some products, exporting was impacted by difficulties resulting from the pandemic and China's trade embargo. This and the current timber shortage demonstrate the need for sovereign capacity – both in terms of increasing plantations and optimising the use of NSW's high-value multi-use forest resources.

It is worth emphasising that demand for wood products will continue to grow and softwood and hardwood timber use is not always interchangeable. The phasing out of native forestry in WA for example, is expected to result in increased imports of wood to replace iconic native hardwood in products such as high quality furniture. As outlined in this ABC story, to meet this demand wood will be imported from countries such as Indonesia, which produced half of the world's illegally logged timber in 2013.

As the world transitions to a more sustainable and lower emissions future, Australia's renewable forest, wood and paper products are uniquely placed to play a nature-based solution in the national and global goal of net zero emissions. Australia needs to be self-sufficient in making many essential products and meeting local demand for timber, paper, personal protection equipment and packaging solutions,

The Australian Forest Products Association (AFPA) has partnered with the University of Tasmania to develop a new national vison for forestry industry R&D in Australia, the National Institute for Forest Products Innovation (NIFPI). Such an innovation will have much to offer in the further development of biomaterials, biochemicals and biofuels, which will include maximising lower grade wood and residues (see link to NIFPI proposal here).

3. Questions from Mr Justin Field

3.1 Can you please clarify the general statistics?

As outlined in AFPA NSW's written submission, the figure of **4.1 million** cubic metres of *sawlogs* was quoted with 1.5 million cubic metres of *pulplogs* so a *combined volume* of logs processed at **5.6 million**. This was cited from NSW DPI from **2018-19** as referenced in our written submission with a link here.

The ABARES "Plantation and log supply" 2021 report referenced in Question 1 and released after this inquiry provides the following breakdown for value and volume of logs harvested in NSW during **2019-20** in thousands of cubic metres:

Total: 6,586
Hardwood native: 629
Hardwood plantation: 265
Softwood: 5,692
Economic value of these logs recorded as > $500 million.

The employment figure quoted in the AFPA NSW submission was sourced from the undated NSW DPI's NSW Forestry Industry Roadmap published approximately five years ago. The updated figures provided by NSW DPI, based on **2019/20** figure for direct employment is 20,000.

While ABARES/ABS do not record indirect jobs supported by forest industries, previous socio-economic studies have shown that for every direct job generated by forest industries, a total of 2.8 jobs were created through a combination of production-induced and consumption-induced effects NSW - [Socio-economic impacts of the softwood plantation industry in the South West Slopes and Bombala region, NSW].

The $7 billion total value is the share of the national $24billion figure for the Australian forest products industry taken from [Australia's State of the Forests Report] (2018). The breakdown of states is at the "download the overview report and datasets" of the October 2021 update [Australian forest and wood products statistics] and indicates that the NSW contribution has risen to **$8 billion**.

3.2 Can you please provide the percentage of softwood versus hardwood that goes into an average new house build?

The average house build uses about 25 softwood pine trees with hardwood more variable reflecting the diversity of locations it can be used within a house, including floors, decks, trimmings and doors and diversity in size and species. The national body, the Australian Forest Products Association (AFPA) is currently preparing industry snapshots that will expand on these statistics.

4. Questions from the Chair

4.1 In 2018 the Government announced $7.2 million in the budget to DPI for cross-tenure forest monitoring. It was allocated to DPI Forest Science who did a trial. Does Timber NSW or the AFPA have any commentary on that program and its outcomes?

AFPA NSW understands this funding was reallocated to the Natural Resources Commission (NRC) who have attempted to engage all NSW Government agencies in a cross-tenure monitoring program as part of their important role providing independent oversight and monitoring. The vital contribution of DPI Forest Science in providing research to support the NRC in diverse fields including koala research and climate change is also emphasised. In addition to providing scientific expertise, DPI also have established relationships with industry and landholders.

Both organisations have an important role to play in monitoring forest management, understanding and quantifying the benefits of multi-use forests, especially their role in biodiversity values and carbon storage. It is imperative, especially with the current focus on fighting climate change and the recent bushfires, that at least some of this science is focussed on cross tenure research. This provides an opportunity for comparison of forest management costs and effectiveness, which ultimately could result in shared resources, knowledge and experience.

AFPA NSW is in the process of establishing a productive relationship with the NRC and strongly supports its role in coordinating independent science. AFPA NSW would expect both the NRC and DPI's Forest Science to be adequately funded to continue their work, with improved participation from all forest managers.

5. Questions from Hon Sam Farraway

5.1 How much will the redirection of 270,000 tonnes from Walcha make a difference to the industry?

The [media release from AFPA NSW] welcoming the NSW Government initiative to divert timber from export to the domestic market, will see the equivalent of 20,000 house frames of softwood logs stay in Australia, while at the same time continuing to support bushfire recovery in the south west of the state.

5.2 Did you want to expand on what is being done in different jurisdictions about the sustainability and what those governments are doing to the hardwood timber industry in those States?

Wood is a naturally renewable material which:

- Sequesters carbon in forests as trees grow.
- Stores carbon in harvested wood products.
- Substitutes for carbon intensive materials such as steel, concrete and plastics.
- Drives Sustainable Forest management leading to greater growth.
- Contributes to a Circular economy as wood products can be reused, recycled, and recovered for low-carbon energy at end-of-life.

The IPCC has emphasised the role of sustainable forest management in fighting climate change:
Sustainable forest management aimed at providing timber, fibre, biomass, non-timber resources and other ecosystem functions and services, can lower GHG emissions and can contribute to adaptation (IPCC, 2019).

In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual yield of timber, fibre, or energy from the forest, will generate the largest sustained mitigation benefit (IPCC, 2007).

AFPA NSW will be promoting the benefits of sustainable multi-use forests which in addition to providing a nature-based solution to climate change include biodiversity and recreational values, and the production of timber and wood for essential products. The need for a cross tenure approach to forestry management is vital for understanding the ecology and identifying the complementary values offered by different management styles.

For example, AFPA is currently commissioning research on the carbon balance of native forests managed for production in comparison to forests managed by conservation. Such work is a key example of why a cross tenure approach to forest management is required and is a subject that industry will be pursuing with the NRC.

The importance of sustainable management of Australia's native forest was summarised in the Responsible Wood statement just prior to the COP26 meeting in Glasgow. AFPA NSW is committed to demonstrating that sustainable forest management is compatible with mitigating climate change, maintaining biodiversity and native forest health.

SUPPLEMENTARY QUESTION

AFPA have been driving greater progress on the Australian Government's Billion Trees Plan which is based on the philosophy "right tree, right place, right scale". In terms of geographical location an initial focus should be on Forestry Hub areas, so that stock, processors and transport routes are all centrally located. There is also potential for development of private forestry in these regions, noting that landholders will make decisions for this initiative based on commodity prices.

TRANSCRIPT CORRECTION

Page 8, para 10 (last on page)
"inaudible" should read "*plantations and*"
farm should read "*farms*".

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AFPA represents forest growers, harvesters,
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