

**Supplementary
Submission
No 63a**

**INQUIRY INTO MANAGEMENT OF PUBLIC LAND IN
NEW SOUTH WALES**

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Supplementary Submission to General Standing Committee No.5

Inquiry into the Management of Public Land in New South Wales August 2012

I am attaching a letter I wrote to the Minister for Primary Industries on 26th July 2012. This letter has relevance to the management of forested land on Western Lands Leases. A response has been received to the effect that negotiations are now proposed by Forests NSW.

A second letter to the Regional Manager Western Region is also included. This letter came from a meeting with the Regional Manager arising from the response received on behalf of the Minister for Primary Industries. This letter proposes a practical means by which the Government could address good management of leasehold forests complying with the Native Vegetation Act, and consistent with the EPA's regulation of native forest management on private lands.

If Leasehold Native Forestry Property Vegetation Plans, as recommended, be adopted, the principle hurdle remaining for a consistent approach to native forest management in NSW will be to relax or remove the Department of Environment and Heritage's interference in the harvest planning process of Forests NSW.

All too often in the last thirty years we have been told that managed State Forests are the best examples and too sensitive to be trusted to Forests NSW or the Forestry Commission before it. The then Premier even gave a man-made native forest icon status. NPWS has often known more about the neighbouring State Forests than its own Parks which no doubt made it easier to lay claim to the State Forest for Park reservation.

The Forest Service hasn't always got it right and mistakes have been made, but overall the grounds being promoted for State Forest to become National Park is testament to the fact that this State's Forest Service has got it right most of the time. Unfortunately the Forest Service must take the blame for the outcome of its actions. On the other hand NPWS can let nature take the blame when its mistake or lack of action "gets it wrong".

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Attachment

Letter to the Minister for Primary Industries dated 26th July 2012

Dear Ms Hodgkinson,

I have been asked to write to you on behalf of several Western Lands Lessees in the Balranald District of SW NSW. You may remember earlier correspondence from me during the debate over the future of the NSW State Forests of the Southern Riverina. My comments then were based on my 26 years experience in river red gum management including the private forests on Yanga Station, now Yanga NP.

As a result of the revised future of NSW's river red gum forests, the State Forests generally became National Parks and the sawlog yield from Western Lands Lease forests was reduced to 1,000m³/annum. At that time an estimate of 54,000tonnes of logging residue suitable for firewood salvage was made. This was apportioned to some five operators over a three year period. I understand the estimate has since been adjusted upwards to 194,000tonnes available from a selection of leases. However there has been no adjustment to the operators' allocations at this point in time.

I have it on good authority that in the case of one Western Lands Lease property the resource estimated as 600tonnes has already yielded over 10,000tonnes, with a little more still to come when the flood recedes and the licensee is allowed to start cutting his next allocation.

The real purpose of this letter is to bring to your attention the dilemma of Western Lands Lease graziers with river red gum forest. The logging and windfall residues suitable for firewood salvage are impacting on their ability to graze the forested parts of their properties. Not only do felled tree crowns occupy valuable grazing area, they are a serious impediment to stock handling. Stock inspection is difficult and mustering is a nightmare. Noxious weed control is almost impossible.

These lessees have to tolerate this in the hope that sometime in the future, Forests NSW will organise firewood salvage on their leases. The lessee should then get a small share of the royalty if Forests NSW's supervision costs aren't estimated to be too high.

The really stupid aspect of all this is that the lessees are quite within their rights to dispose of the logging debris at their whim. They are just not legally allowed to dispose of it as a commercial operation. So in order to satisfy someone that Forests NSW are responsibly metering out a natural resource, Forests NSW are relying on the tolerance of lessees not to legally destroy a resource that can earn the Government valuable revenue.

Forests NSW may actually be better off financially if the lessees were allowed to organise the salvage and sale of firewood themselves, paying the appropriate proportion of royalty to Forests NSW. The

argument against this is that the lessee's honesty cannot be trusted. Yet at present Forests NSW rely on their licenced cutters keeping an honest record of their cut on the docketts they submit.

It is argued that Forests NSW are regulating the supply from their resource. That may be, but their estimates of the available resource to be shared are at best dubious.

The firewood market has always been variable. It fluctuates with the cost and availability of alternative fuels. Action from the conservation lobby suppresses the fact that firewood is a renewable resource and carbon friendly by comparison with fossil fuels such as coal, oil and gas. Hence if the demand is there and the resource can supply it, there is strong argument to take advantage when you can.

Forests NSW management and the Private Native Forestry Code of Practice ensure that the forests as are natural resource are protected. If the demand for river red gum firewood exceeds the forest's ability to supply it will become self-regulating.

So why must long suffering Western Lands Lessees be disadvantaged when there is strong demand for firewood, but the regulating authority can't get its sums right. If the demand is not being met the market will move to alternatives. This would no doubt suit those people opposed to the use of firewood for their own selfish reasons.

As an old forester, having had protracted dealings with forest activists, and the conservation lobby in general, the harvesting of forest products from native forests is seen as someone getting something for nothing and that shouldn't happen!

So in conclusion we would be most grateful if the marketing of firewood from Western Lands Leases could be regulated such that lessees do not have to wait an inordinate time to regain the full grazing right that they pay for. Nor take the destructive option of burning logging residues in situ which not only destroys a marketable resource but also degrades the forest.

Yours faithfully

Vic Eddy

Recommendations -Note: The harvesting of sawlogs to remain entirely the province of Forests NSW. Within 15years of an FNSW harvesting a lessee may obtain a "Leasehold Property Vegetation Plan" issued by FNSW. This LPVP would permit silvicultural treatment of the residual

forest in accord with the Private Native Forestry Code of Practice for River Red Gum. The lessee could then salvage forest products from the felled trees, submit tally docket to FNSW and pay royalties due. The level of royalty set should reflect the reduced level of FNSW involvement.

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Second letter: Recommendation to Forests NSW regarding management of leasehold lands arising from the reply to the above letter to the Minister.

Dear Sir,

Further to our group discussion on Tuesday 14th August, regarding management options for forest on leasehold lands.

Traditionally Forests NSW (and the Forestry Commission before it) appeared loath to spend on silvicultural treatment outside of State Forests. Admittedly several small selected areas were treated, using a contract mechanical harvester, on Western Lands Leases in recent years. The areas could only be small due to the limitations of contract funds.

I am sure that you would agree that the optimum time to do silvicultural treatment is at the same time as harvesting. The stumbling block always seemed to be the problem of how the costing could be handled when the harvest contractor was not salvaging firewood or chips from the non-log residues.

I gather one operator in the Barham district was prepared to do the complete silvicultural thinning at no cost to FNSW by salvaging both logs and firewood from the removed trees. This is no doubt an option for Western Lands Leases also. However there appears to be two stumbling blocks.

1. The limitation of annual volume of firewood recovery imposed by the IFOA. This may be in some way related to the current allowable log yield plus an estimate of existing logging residues from previous harvesting operations. It offers no allowance for potential salvage from silvicultural treatment.
2. There are artificial impositions on FNSW's harvesting planning process arising from third party approval of the plans. These impositions appear to be excluding ever more areas from harvesting or salvage of forest products.

Leasehold Native Forest Property Vegetation Plans (LNF PVPs)

It appears to me that there is potential for an approach that could be attractive to both FNSW and lessees of forested leases. That is the introduction of Leasehold Native Forest PVPs under a new Part 5A of the Native Vegetation Act's Regulations.

These would provide for a lessee to obtain the lease equivalent of a Private Native Forestry PVP whereby the area involved may only be subjected to native vegetation "clearing" that complies with the relevant Private Native Forestry Code of Practice. I guess the Codes of Practice would then be renamed the "Private and Leasehold Native Forestry Codes of Practice".

These four Codes of Practice were created by an exhaustive stakeholder negotiation process. The "Codes" had to provide for native forest practices that would comply with the Native Vegetation Act's requirement of "maintain or improve". Hence if a harvesting or silvicultural thinning operation is carried out in accord with that forest type's Code of Practice it deemed by the Act to be environmentally acceptable.

In the case of Leasehold land a lessee should apply to Forests NSW for a PVP and not the Private Native Forestry Office of the EPA. The reason for this being, that Forests NSW are responsible for the management and marketing of the Crown-timber asset. In the case of an LNF PVP Forests NSW

would be in the position to collect a prescribed proportion of royalties arising from the sale of forest products.

At present landholders principally lease forested Crown lands for their grazing value. Recently logged or poorly managed forest can significantly reduce the grazing value of these lands. While it may be argued that the lessee's share of royalty is compensation for disturbance of interest the amount has been determined in a miserly fashion and is poor compensation for the years of fire protection provided by the lessee, let alone the current disturbance. To rub salt into the wound, a lessee has to wait up to 12 months for payment. In the case of five Western Lands Lessees within the Lowbidgee Scheme no compensation is offered for the water the lessee has paid for since 1940 that has had a significant influence on the forest's growth and thus its value. After the forest has been harvested they continue to pay the full tote odds to water a degraded forest.

The normal practice on leasehold land has been that FNSW harvest native forest by selecting the merchantable trees to be cut using silvicultural principles. However this commonly leaves the forest substantially overstocked with inferior trees that have no potential for future logs or quality habitat. In effect FNSW are degrading the forest by removing some or all of the best trees and retaining all of the inferior trees. This must be supported by the fact that FNSW expect a commercial sawlog growth of $1\text{m}^3/\text{ha}/\text{annum}$ from State Forest, yet from the 22,000ha of Western Lands Leases in the Mildura Management Area it is claimed an annual cut of only $1,000\text{m}^3$ of sawlogs can be sustained. This infers an expected growth rate of only $0.045\text{m}^3/\text{ha}/\text{annum}$. If we assume that only 10,000ha of the total 22,000 is of merchantable quality it is still only an expected growth rate of $0.1\text{m}^3/\text{ha}/\text{annum}$ or one tenth of the State Forest expectation.

On a portion of one lease the only potential sawlog trees were all retained as growing stock, so the stand wasn't thinned at all. The consequence was that drought killed the majority of the un-thinned stand, including the "best growing stock", so the whole lot became firewood. Had the stand been thinned to silvicultural standards, the smaller growing stock could still have been alive and the value of the larger trees would have been realised at prime log prices.

The inherent nature of river red gum means that if the merchantable growth rate is below par the total growth rate and forest vigour is similarly below par. River red gum is a great survivor, hence it will fight to survive to the bitter end before it begins to naturally thin dense stands. It is often the dominant tree that dies first as it is the least adapted to surviving difficult conditions. Where a vigorous tree may have a diameter growth rate of $3\text{cm}/\text{annum}$, trees in dense clumps may have diameter growth of no more than $0.1\text{cm}/\text{annum}$ and persist like this for years. Good silviculture not only means better logs in less time, it also means larger habitat trees.

Surely it is in FNSW interest for as much of the Western Lands Lease forest resource as possible to be maintained in good silvicultural condition. Do not forget that river red gum invaded a human habitat. Humans did not invade existing river red gum forests. Hence until now, river red gum forests have always been subject to human disturbance and population control. It is only now in the new National Parks that river red gum forests are expected to evolve with minimal if any human interference (the big conservation experiment).

If the status quo remains on Western Lands Leases, FNSW appear content to recover between 0.9 & $2.0\text{m}^3/\text{ha}$ from the next harvest operation in 20years time. Given a thorough silvicultural thinning, those same forests could be yielding between 20 & $40\text{m}^3/\text{ha}$ in 20 years. This could be achieved at no cost to FNSW and might even have yielded a return from the salvage of firewood during the silvicultural treatment.

So is FNSW, representing the Government and the people of NSW, content to leave these logged forests to their own devices and accept a yield of 0.9 to $2.0\text{m}^3/\text{ha}$, or would they prefer to share in a yield of somewhere between 20 to $40\text{m}^3/\text{ha}$?

The option I am putting to Forests NSW through you is that:

- (i) At present there are firewood cutters who have cut their allocation as limited by the IFOA.
- (ii) There are Western Lands Leases crying out for silvicultural treatment.
- (iii) The IFOA has no real concern for the healthy, biodiverse future of these Western Lands Lease forests. It appears happy for them to stagnate and let the graziers make their own arrangements.
- (iv) The lessees are quite within their rights to reduce the wildfire risk within their properties. So they can chose to carry out fuel reduction burns to minimise the woody fuel on their forest's floor. If this ignites litter buried in flood silt, so be it. If the smouldering litter kills trees, as it will, so be it. With luck it might even enhance the grazing potential that their rent is paying for. The existing forest has little value, other than stock shelter and aesthetics, for them.
- (v) At present lessees may be polite to FNSW personnel but have very little respect for them.

So, I see potential to turn all that around, by encouraging lessees to become cooperatively involved in the management of 'their' leasehold forests.

Neither the general PVP for clearing or the PNF PVP are appropriate for leasehold forest management. The general and continuing PVPs are not intended for forest management. Their purpose is aimed at native vegetation conservation generally in a passive form. Any clearing approved requires an offset area of like type to be reserved. An example is that for the Barking Owl which is "predicted" to occur anywhere there are trees in NSW. That "prediction" requires a 5ha offset per hectare of clearing.

However the Codes of Practice developed for the PNF PVP do provide an excellent set of prescriptions to ensure that forests such as those on leases can be managed in a "maintained or improved" condition.

So:

1. Adopt the existing PNF Codes of Practice as the basis for "Leasehold Native Forest Property Vegetation Plans.
2. Encourage lessees with previously logged and untreated leases to obtain a "LNF PVP" to carry out silvicultural treatment.
3. Devise an LNF PVP royalty scale that is an incentive to lessees to get on with it, yet provides a level of return to FNSW to cover the cost of supervision and technical guidance/advice provided as an extension service. (Note: PNF PVP holders get free supervision from EPA)
4. The lessee to have some right to choose the contractor and product customers **except** in the case of quota quality logs found in 15 to 20m³ loads(sufficient to justify a trip for a log truck) as these may be deemed to be needed to meet quota allocation commitments and thus must be delivered to a Crown licenced mill. Though it could be argued that these logs come from stems not included in yield estimates.
5. As the supervising authority FNSW would maintain a register. Yields could be monitored through the marketing system.
6. FNSW would agree that firewood royalties be based on air dry weight and not green weight. Thus a time lag may be needed to allow drying before weighing or adopt a price differential. Whichever, should not be a limiting consideration as every tonne of silvicultural thinning wood sold would be an effective bonus to FNSW.

The above is offered as the basis for an approach to overcome what can only be described as a problem of neglect. While I am seeing it specifically from a river red gum perspective, I am not sure that it doesn't apply State wide.

Surely Forests NSW can counter any criticism that might arise from conservation activists on the grounds that their members had a very active role in the development of the "Native Forestry Codes of Pracice".

Yours faithfully,