

**Submission
No 216**

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

Organisation: Australian Forest Products Association

Name: Mr Grant Johnson

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Introduction

The Australian Forest Products Association is pleased to be able to make this submission to the inquiry into the management of public land in New South Wales, including State Forests and the National Park estate.

The Australian Forest Products Association (AFPA) is the national representative body for Australia's forest, wood and paper products industries, and represents the industry's interests to the public, governments and authorities on matters relating to the sustainable development and use of Australia's forests and wood products.

This Inquiry provides an important opportunity for the Committee to review the direction and consequences of public land management in NSW over the past two decades. AFPA believes that land management in NSW is at a critical juncture, with the commercial viability of the forest industry at serious risk as a consequence of policies and decisions by past governments. In effect, industry is at risk of 'death by a thousand cuts'.

Regrettably rigorous, scientifically based land use decision-making processes, such as those embodied in the Regional Forest Agreements process, have been overtaken by politically expedient decisions to appease a vocal minority, whose avowed aim is closure of sustainable native harvest operations.

It is to be hoped that this Inquiry will help to restore sound public policy decision-making and public land-use management in NSW.

Overview

The forest and wood products industries in NSW are well established as regionally based, sustainable natural resource industries under a complex and comprehensive suite of NSW legislation (including the *Forestry and National Parks Estate Act 1998*, the *Native Vegetation Act 2003*, the *Environmental Planning and Assessment Act 1979* (EP&A Act), the *Protection of the Environment Operations Act 1997*, the *Forestry Act 1916*, and the *Plantations and Reafforestation Act 1999*).

This suite of legislation forms the basis to the NSW Forest Agreements, Regional Forest Agreements, and private native forest Property Vegetation Plans. Moreover a regionally-based regulatory framework exists through Integrated Forestry Operations Approvals, Ecological Sustainable Forest Management Plans, and codes of practice for private forest harvesting operations that was to underpin sustainable forest management in NSW. This management framework is scientifically rigorous and represents world best practice.

Indeed, it is this extensive and complex framework of scientifically-based legislative control that provides the context for many of the concerns by the forest and forest products industry in relation to the review. While the environmental credentials of the NSW forest industry

have never been better, indeed they meet or exceed world's best practice in sustainable forest management, over the 15 years there has been a steady decline in access to forests for timber harvesting, with increasing amounts of native multiple use forests being converted to national park and other types of conservation areas. Moreover, those forests remaining available for timber production have had access further limited by an increasingly restrictive regulation of operations.

Background

The NSW forest and wood products industries make a significant contribution to the state's economy, and are of great importance to regional economies and as major regional employers. Of main importance are the:

- Hardwood sector centred on Eden, Nowra, Bulahdelah, Taree, Wauchope, Grafton and Kyogle/Lismore.
- Softwood sector centred on Oberon, Tumut, Bombala and Tumbarumba.
- Cypress industry centres at Narrandera, Condobolin, Baradine and Gunnedah
- Red Gum industry centres at Barham, Mathoura and Deniliquin.
- The towns servicing these sectors which have more than 10 per cent of their labour force directly employed in forest industries.

ABARES (*Australia's forests at a glance 2011*) notes that, while employment in the Australian forest and forest product industries in 2010-11 amounted to 5.7% of the total Australian manufacturing industry workforce (or about 65,700 people), NSW accounted for 36% of that workforce (or about 24,000 people) who are mainly employed in country towns. When all businesses that depend on growing and using timber are included, total forest industry employment in NSW is estimated at about 38,000 people.

NSW forestry production is also significant in the national context. In 2008-9 this was 4.5 million cubic metres with a gross value of \$3.48 billion, being 28% of national production which was worth approximately \$12.43 billion. Paper and paper products (2008-9) in NSW represent an additional \$2.744 billion out of Australia's total of \$9.542 billion.

As such NSW forests provide significant social and economic benefits, while providing a range of timber and other manufactured forest products predominantly for Australian construction markets. Moreover, these products are sourced from forests that are able to provide for NSW's timber needs on an ongoing basis, as they are managed to the highest standards of sustainable forest management.

Sustainable forest management

NSW forests are managed according to the highest environmental and sustainable forest management standards. The management framework and strategies applied to the

sustainable management of regrowth and plantation forests for wood production is comprehensive at both the federal and state levels. It involves compliance with:

- The national forest policy framework – Australia’s 1992 National Forest Policy Statement (NFPS) – which provides an overarching policy framework for the conservation and sustainable management of all forests.
- Regional Forest Agreements (RFAs) and State Forest Agreements underpinning regional approaches to conservation needs and sustainable production from regrowth forests, as 20 year agreements, primarily through:
 - the establishment of the comprehensive, adequate and representative (CAR) forest reserve system of formally protected areas (such as national parks) based on regional conservation planning criteria; and
 - legislation of ecologically sustainable forest management (ESFM) principles, regulatory codes of practice and regional ESFM plans in multiple-use forest areas where timber harvesting may be permitted.
- Regulation of Integrated Forestry Operations Approvals (IFOAs) for the conduct of forest management activities on State Forests.
- The stringent NSW regulatory framework that includes the *Native Vegetation Act 2003* (including regional codes of practice for the conduct of *Private Native Forestry (PNF)*), the *Plantations Reafforestation Act 1999*, the *Environmental Planning and Assessment Act 1979* (EP&A Act), the *Protection of the Environment Operations Act 1997*, and the *Forestry Act 1916*.

In addition to meeting the high standards required by the NFPS, RFAs and NSW regulatory framework, most NSW forests and plantations are also voluntarily certified under either the Australian Forestry Standard (AFS) or the Forest Stewardship Council (FSC). These schemes provide independent, third-party verification that forests are managed according to set internationally agreed environmental, economic, and social performance criteria.

The AFS has international recognition under the Programme for the Endorsement of Forest Certification (PEFC), the world’s largest forest certification body certifying nearly 200 million hectares of forests worldwide. Certification under the AFS or the FSC is an acknowledgement that NSW forests meet the highest international standards of sustainable forest management (SFM).

The fact that NSW forests are managed to the highest levels of SFM is endorsed by the independent 2009 Indufor Oy study¹ which notes that

¹ Indufor Oy (2009). Comparison of Selected Forest Certification Standards - Final Report for Forest Products Association of Canada (FPAC) and Forestry Innovation Investment (FII) Ltd, July 3, 2009.

“ ... Canada (B.C., Ontario) and Australia (New South Wales) are the countries with the most comprehensive legislation adequately addressing all of the sustainable forest management elements. The scope of the Australian legislation is the broadest, with its inclusion of provisions for all studied elements.”

It is of serious and mounting concern to industry (and the regional communities reliant upon it) that, while the SFM practices of the NSW forest industry have never been better, indeed they meet or exceed world best practice, there has over the past 15 years or so been a successive winding back of access to land for SFM, as native multiple use forests have been increasingly converted to national park and other types of conservation areas.

Perverse forest management outcomes

It is both perplexing and frustrating for the forest industry that previous NSW Governments have compromised the RFA process and the balance it achieved, in providing both a comprehensive scientifically-based reserve system and a sustainable wood supply, through politically expedient decisions to dedicate additional reserves. These actions have been to the detriment of both rural and regional communities, their economies and, perversely, the forests themselves. This has resulted in immediate and ongoing sub-optimal outcomes in sustainable forest management and in regional development.

Ironically, many of the forests that have been added to the National Parks and conservation estate, over the past fifteen or so years, were sustainably managed regrowth (or production) forests. The fact that these regrowth (and, in some instances, plantation) forests continue to maintain the ecological/biodiversity values that renders them suitable for conservation, highlights the effectiveness of the sustainable forest management practices and the RFA process.

NSW sustainably managed forests are harvested under strict environmental guidelines, which act to maintain the diverse ecological values of the forest. The high levels of management and infrastructure investment in harvested regrowth forests, including effective fire, weed and feral animal control, ensure the environmental values of these forests are, in general, better maintained than the adjacent national parks estate.

Unfortunately, due to inadequate management, national parks have become reservoirs of weeds, feral animals and very high fuel loads which threaten not only the environmental values for which the forest was originally preserved, they also pose a risk to adjoining multiple use forest and the broader regional landscape values of native forests, which can be devastated by the catastrophic wild fires emanating from poorly managed national parks.

This situation is perverse, as the dedication of these additional reserves has not resulted in improved land management and conservation outcomes. This is an essential point of this submission that needs serious consideration by the Committee in the conduct of its enquiry.

Sustainably managed multiple use forests offer multiple (environmental, economic and social) benefits to society which, unfortunately, was not given sufficient recognition or consideration by previous NSW governments. For instance, the fire, weed and feral animal control, which were previously carried out by the sustainable forest manager, now have to be borne by government. Or, as is more often the case, are not borne at all as governments' seek to cut costs and do not maintain the forests as they were when they were managed as production forests.

This has led to a range of perverse outcomes that are neither in the public, nor the environments, longer term interests. A walk through any national park will show the high level of weed infestation and fuel build up. Let alone the less obvious problem of feral animal population build up.

Perverse impacts of previous land management decisions

While it is evident that the NSW forest industry contributes significant social and economic benefits, at both the state and regional levels, there are a range of other benefits less obvious and amenable to quantification. These include social benefits, such as the maintenance of social capital via healthy community networks and the flow-on effects of having viable rural industries and diverse regional economies, as well as a range of environmental services that support healthy and resilient ecosystems.

Unfortunately too often these benefits have been degraded, or lost altogether, as viable sustainably managed, multiple use, regrowth forests have been excluded from sustainable use. Major impacts include:

- Loss of access for sustainably managed forestry
- Increased fire risk
- Loss of ecological values
- Reduced certainty in the supply of sustainably harvested timber.

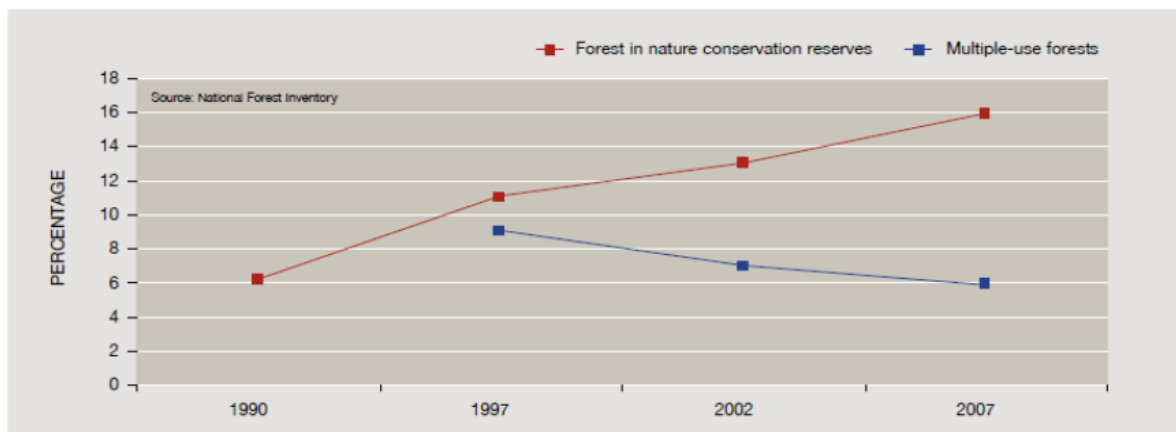
Loss of access for sustainably managed forestry

The RFAs provide a national policy foundation for the conservation and sustainable management of native forests in Australia, which recognises the dual role of state level conservation and management plans accredited under the RFAs. The 20 year RFA agreements exceed the environmental requirements of the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*, while providing a high level of resource security for industry through long-term wood supply agreements. It is essential that a balanced approach by government to the management of this dual role is restored, and that the foundational importance of the RFAs in the process is recognised once again.

Importantly, it needs to be remembered, that in achieving the balance provided by the RFAs there was a considerable reduction in the area of multiple-use forest available for wood production, which had an adverse flow-on effect to the native forest industry and timber

communities. As a direct result of the RFAs and public land use decisions since the early 1990s, over 13.6 million hectares have been added to Australia's forest conservation reserve system. The area of native forests in conservation reserves has almost trebled since 1990, from 6% to 16% of all native forests (figure 1).

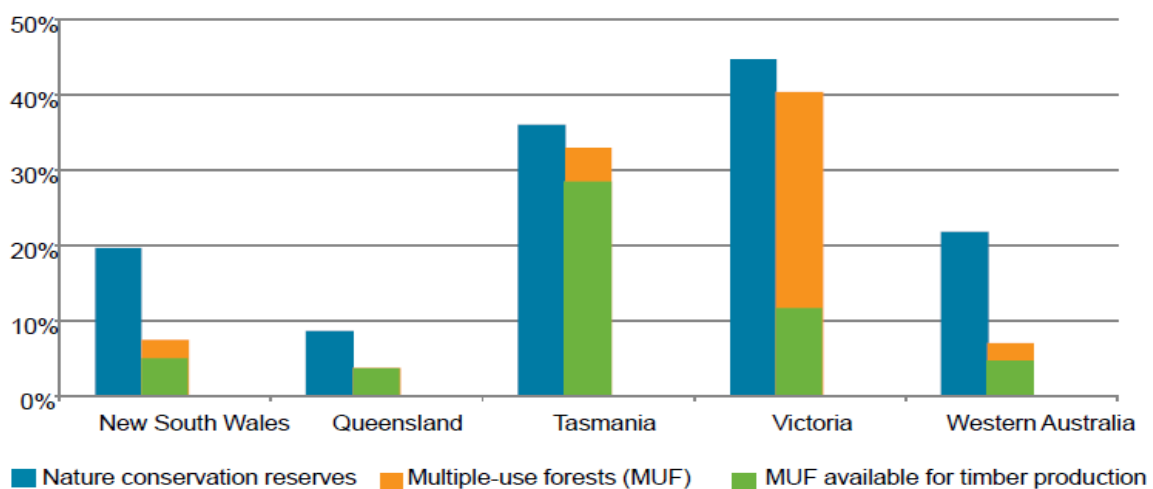
FIGURE 1: RELATIVE PERCENTAGE OF FORESTS IN CONSERVATION RESERVES AND MULTIPLE-USE PUBLIC FORESTS AVAILABLE FOR WOOD PRODUCTION, 1990-2007



Source: Commonwealth of Australia 2008.

Furthermore, the area potentially available for commercial timber harvesting is less than the total area of ‘multiple-use’ forest due to such factors as inaccessible terrain, slope constraints and informal reserves to protect a range of values such as unique landscapes, flora and fauna (figure 2). The net effect of these land use changes has been to substantially reduce the availability of native forest hardwood logs, which traditionally have provided a broad range of structural and high value appearance grade uses (e.g. furniture).

FIGURE 2. PUBLICLY MANAGED NATIVE FOREST FOR CONSERVATION AND TIMBER PRODUCTION



Source: Howell, C (2011). Australia’s forest at a glance, ABARES. Presentation at the ABARES Outlook 2011 conference. Accessed at: <http://www.daff.gov.au/abare-brs/outlook/program>

In NSW, due to the RFA process and the successive erosion of the area of multiple use forest by NSW governments up to 2011, the area of State forest has been reduced by 40 per cent, from around 5.5 million hectares to 2.2 million hectares. This has led to, among other things, the unnecessary running down of a vital rural and regional industry, a significant and ongoing loss to state revenues, and the loss of public good outcomes provided by sustainable forest management.

Increased fire risk

The majority of newly declared national parks have been in the RFA regions and are adjacent to production forests, bush communities and farmers. Over time, the reduction in the area of production forests has resulted in a decline in fire fighting capacity and personnel formerly provided by industry for the protection of commercial wood resources and other forest values such as habitat protection. This is because a management imperative of production forestry is to protect the forest resource from damage through catastrophic and extreme fire events, by fire prevention (i.e. fire reduction burning, firebreaks, access roads etc.), detection and response, and to improve the resilience and productivity of forest systems.

Low intensity fuel reduction burns, to reduce fuel loads and decrease the risk of catastrophic fire, also make fires easier to contain and manage when they do occur. Due to the conversation imperative and/or lack of management in national parks, fuel reduction burns are rarely practiced which increases the risk of catastrophic fire.

The increase in conservation reserves, and the associated more passive approach to fuel reduction, have been the subject of numerous government inquiries and reviews which have highlighted the inadequacy of prescribed burning activities and other planning impediments². The inevitable fires originating in these reserves have often been of the “catastrophic” dimension incinerating everything in their path (e.g. the Canberra, Deua, Morton, Pilliga, Bundjalung fires).

The Parliament of New South Wales Legislative Assembly 2002, the House of Representatives Select Committee on the Recent Australian Bushfires 2003, the Environment and Natural Resources Committee 2008, the 2009 Victorian Bushfires Royal Commission, and the 2010 Senate Inquiry into the incidence and severity of bushfires across Australia have all similarly identified inadequacies in fuel reduction management and coordination in National Parks and other conservation reserves.

A whole-of-landscape approach is needed to better manage these risks. This includes the management of national parks and the possible restoring of land to sustainable forest management to maintain essential landscape level environmental values.

² Stephens M (2010). Bushfires, Forests and Land Management Policy under a Changing Climate, *Farm Policy Journal*, 7 (1): 11-19.

In the United States, for example, there is an increasing trend toward the re-introduction of harvesting activities in forest areas previously set aside for conservation in order to reduce fuel loads and associated costs to government, to maintain environmental values better, and to utilise the available wood for timber and other wood waste for renewable bioenergy.

Consequently, the management of forested landscapes in NSW requires a major rethink, particularly with respect to an integrated land management approach that could produce multiple public safety, economic and environmental benefits. It needs to be explicitly recognised in future land management policy that multiple-use forests produce more than just wood. They are managed for a range of values and benefits (e.g. flora and fauna, recreation, carbon sequestration and water quality) and can enhance these values at a landscape scale at a relatively low cost to society.

Managing forests for wood production provides a significant financial return that can subsidise the cost of managing neighbouring areas for other values. It also provides significant resources and an improved capacity for broader land management objectives, via forestry expertise and associated fire management personnel and equipment. In many cases the benchmarking of the performance of state agencies responsible for commercial timber operations in public forests is too narrowly confined. It does not take into account these broader public benefits and the opportunity cost of alternative uses such as conservation reserves, which have a history of inadequate resources and management.

Loss of ecological values

A significant issue associated with the increased risk of large scale high intensity fire is the threat to biodiversity conservation and habitat protection through inadequacies in bushfire management and the accumulation of forest fuel loads over time with the national park estate³. Such high intensity fires can have widespread and irreversible impacts on flora and fauna, as well as on property and public safety. Catastrophic fire radically diminishes or destroys biodiversity.

Reduced certainty in the supply sustainably harvested timber

The NSW forest industry is concerned about how best to proceed with implementation of the five yearly RFA reviews, and to deal with the undermining of public perceptions and industry confidence in the RFA process. Where they have been completed, these reviews have found:

- a lack of monitoring and reporting of environmental performance in the conservation reserve system; and
- the creation of additional conservation reserves outside the original obligations of the RFAs has undermined:

³ Stephens M (2010). Bushfires, Forests and Land Management Policy under a Changing Climate, *Farm Policy Journal*, 7 (1): 11-19.

- the sustainable yield of the remaining forest and compromised the wood supply commitment to industry; and
- commitments by both state and federal governments to support an internationally competitive native forest industry.

Consequently, with the RFAs set to expire in less than 10 years and the undermining of confidence in the RFA process, many companies are unwilling to make essential investment in maintenance and equipment upgrades due to the growing uncertainty surrounding future wood supply.

Importantly, planted forest operations offer no short-term panacea to the current crisis facing the NSW forest industry. While NSW hardwood plantation resources currently contribute 20% to the yield of timber products, there is less than 1% of hardwood plantation estate that is more than 20 years of age. Moreover, the bulk of the plantation estate is grown for pulp logs, which are unsuitable for sawlogs. The small proportion that is grown for sawlog, mainly in north-east NSW, is less than 20 years of age and will not be available for harvest for at least another 20 years.

This situation is further compounded by the fact that - with the collapse of private investment in hardwood plantations as managed investment schemes (MIS) failed as a result of the GFC, the closure of the GGAS program following introduction of the carbon tax, and Forestry NSW no longer expanding the plantation resource due to the likelihood of it being sold - very little, if any, new planting is likely in NSW over the next decade.

The situation becomes even more serious when issues such as: the continuing high level of the Australian dollar; the associated increase in cheap imports; the lack of appropriate Government incentives; and, the fact that the plantation resource is being overharvested, as it is required to fill the growing void left by recent closures of access to regrowth or production forests, are factored in.

Finally, it is significant, that only 55% of the planted forest area is available for harvest due to a growing range of harvest restrictions including, paradoxically, the inclusion of some plantation forests in newly declared conservation areas!

Consequently, existing plantations are at risk of falling into neglect, or are being liquidated for financial desperation, as investors turn away from the plantation forest industry as a viable form of investment.

Recommendations

Industry recommends that the NSW Government:

- Undertake a strategic assessment of the important role that multiple-use native forests play as part of an integrated land management strategy. This should include:

- Consideration of options for reinstatement of forestry as a responsible land manager which can play a vital role, via the re-introduction of harvesting activities in forest areas previously set aside for conservation, in improving land management outcomes and reducing costs to government and society.
 - An explicit recognition that multiple-use forests produce more than just wood, providing a range of values and benefits (e.g. flora and fauna, recreation, carbon sequestration and water quality), and that SFM can enhance these values at a landscape scale at little or no cost to society, while producing wood on a sustainable basis.
 - Acknowledging that SFM generates significant financial resources that supports, not only regional development, but also broader land management objectives, such as fire control and management.
- Work with the Federal Government and the NSW forest industry to finalise the RFA reviews and develop a mechanism for their renewal. This should provide for ongoing resource security and the sustainable supply of wood to industry through twenty year rolling renewals of the RFAs, backed by Commonwealth and state legislation.
 - Fund the necessary assessments to underpin the renewal of RFAs, including assessments of future wood quantity and quality from native forests and plantations, and of the implications for communities reliant on the forest industry.
 - Convene a NSW Bushfire Summit develop a ‘whole of landscape’ approach to fire management, including the management of fuel loads to reduce fire risk and protect forest values.

Conclusion

Despite the current difficulties faced by the NSW forest industry its future can and should be bright.

Native and plantation forests provide a range of attractive, carbon sequestering, energy efficient timber products that can, if they are allowed to, play an increasingly vital role in helping New South Wales (and Australia) adapt to a carbon constrained future.

Unfortunately, however, due to cumulative short-sighted decision-making by Government it is the future of the timber industry itself that is being constrained.

It is essential that Government restore balance, objectivity and common-sense to land use planning and decision-making in New South Wales. The irrational marginalisation of the forest industry, via *ad hoc* politically expedient decision-making, must stop.

There is a strong and unmet demand for forest products that is evidenced by the more than \$2 billion shortfall in domestic demand that is being met by imports. Importantly, these imported products are often sourced from forests that are not managed to the same high standard of sustainable forest management as practised in New South Wales.

This product can and should be met from sustainably managed Australian forests, with New South Wales being able to play a major role in this effort. As noted in this submission New South Wales forest management is amongst the best in the world. Indeed, in many respects it represents world's best practice.

Moreover, sustainably managed forests provide a range of important public good benefits, which include improved water quality, erosion and dryland salinity control, and (most importantly) fire prevention and management. All at no or very little cost to government, while providing an important source of revenue to government.

It should be Government policy that it is in the public interest to support a viable, strong and growing forest industry, from which will flow multiple social, economic and environmental benefits.

An important aspect of this will be a close examination of environmental claims to the contrary. Environmental non-government organisations have been adept at labelling the forest industry as an environmental hazard, when the opposite is true. This is evident with the decline in sustainable outcomes for the environment, as a result of the transference of forests managed under sustainable forest management practices to those managed as national parks.

Finally, there is the very unfortunate damage being done those rural and regional communities that are being adversely impacted as a result of the factors outlined above, all at significant cost to the state of New South Wales.

These are serious issues that need to be urgently addressed.