

**Submission
No 237**

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

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Introduction

Forestry and forest related products are most important contributors to the Australian economy although much has changed over the last 15-20 years. The value of turnover of this sector has increased by 2.7% pa since the mid 1990's to a figure of \$18billion in 2004/05 - the latest year for which these figures are available.

The industry contributes about 5% of Australia's total manufacturing turnover. (*URS Forestry as prepared for the Department of Agriculture, Forestry and Fishing, September 2007*).

It is clear to the Taskforce that the future efficiency and performance of the hardwood timber industry is dependent, to a large degree, on the availability of a secure and sustainable hardwood timber resource.

At this stage the hardwood industry is dangerously close to falling below the critical mass and scale that is needed to grow, innovate, invest and continue to contribute to the Australian economy. Despite this, it is faced with the possibility of more resources being withdrawn without replacement stock coming on stream for three or four decades.

This submission is provided by the North Coast Forest's Taskforce, an industry group established several years ago with an explicit goal of achieving a sustainable and productive industry within the North Coast. In so doing the Taskforce hopes to promote native hardwood timber, sustainably harvested and regrown, as one of the most environmentally friendly materials that can be used.

The Taskforce comprises:

Ian Conley – Forester Emeritus
John Scott- AE Gibson and Sons
Russ Ainley – NSW Forest Products Association
Kathy Jones- Forests NSW Regional Manager
Douglas Head- Australian Solar Timbers
Lisa Head- Australian Solar Timbers
Grant Johnson - Australian Forests Products Association
John Ball- Institute of Foresters Australia
Darrell Hayden – Haydens Timbers
Laurence Hoffman-Haulers and Fallers
Trevor Sargeant- Coordinator

Clearly National and State settings and the subsequent environment they create will be important in assisting the Taskforce to achieve its ambitious goal.

The submission is structured as following and addresses “the operational, economic, social and environmental impacts should further land be converted from State Forests (operational land) to National Parks (non-operational land).

- the status of the NSW hardwood industry
- prospects for the future
- the imperative of maintaining an adequate hardwood resource
- concluding comments and.
- recommendations

Status

In NSW, the hardwood processing industry obtains timber largely from public native forests and some private forests. Over the last 20 years the industry has changed significantly due to a number of factors including declining access to native forests. In 1993-94, 4.75 million cu m was harvested. By 2005-06 this figure had fallen to just over

3 million cu metres. (*Source ABARE*). As a consequence of this the remaining hardwood sawmills have mostly pursued higher value activities through considerable investment in kiln drying and further processing.

Over the last 20 years, the native forest resource available for industry has been reduced considerably and the reserve system has expanded.

Forest Reserve Area (NSW)	Pre RFA	Post RFA	% Increase
	2,154,000 ha	3,739,000 ha	74%

This decline in accessible native forest resource for harvesting has seen the number of sawmills across the Region reduce significantly. In the Port Macquarie-Hastings area alone, the number has reduced from more than twenty to a current figure of two. However despite this, industry output is increasing showing the impressive results mills are achieving in adding further value to their product. According to ABARE, in NSW, the total value of output was just over \$4billion in 1995/96 compared to \$5billion in 2004/05.

Recent Tasmanian experiences highlight the negative impacts of downturns in hardwood availability on timber dependent, regional and rural communities. Schirmer (2010) and Schirmer et al ((2011) found that the global financial crisis, the collapse of managed investment schemes and appreciation of the \$A, amongst other factors, led to a rapid decline in the number of forest industry jobs with 3,500 jobs lost between August 2008 and May 2011. There are many forest dependent communities within the North Coast of NSW.

Prospects for the future

The forest and forest products industry is predicted to continue to change over the next 20 years. The rapid expansion in the availability of plantation softwood, that has driven the industry over the last 20 years, appears to have come to an end with few additional volumes of either softwood pulp logs or sawlogs available until around 2030.

Investment in hardwood sawlog plantations is suffering from the fact that commercial markets seem unwilling to wait for the long period until final return. The declining area of accessible resource, through loss of prime forest areas to national parks, as well as resource insecurity, has also become a significant constraint to further growth.

Government policies suggest the hardwood resource will continue to decline. Qld is committed to ending harvesting in 2025, WA and Tasmania have both reduced harvest volumes and, in NSW and Victoria, there is uncertainty over future harvest volumes from public native forests.

Yet amongst this backdrop, market conditions are suggesting increased demand for timber products from Asia, particularly China and India. New markets for environmental services (carbon trading, bioenergy using wood-waste, production of ethanol etc) continue to emerge.

While softwood has captured the house framing and landscape market, hardwood has switched to higher value strength and appearance uses (for example, large beams, lintels, stair treads and particularly flooring).

It is estimated that around 65% of the total sawn output for NSW and Victoria now consists of value-added dried products and this will grow over the next 15-20 years. This is a very positive development and demonstrates that the hardwood sector is playing its part in the economic development of NSW through innovation and niche production.

The furniture market and appearance moulding are cited by many as opportunities for further value-adding. Local mills note strong demands for furniture timber.

However to capitalise on these opportunities and decrease the State's dependency on non-renewable energy, water intensive products and imports, NSW needs to maintain a viable and thriving hardwood industry with a resource that is sufficiently secure to encourage new investment.

The Importance of Maintaining and Expanding upon the Current Native Forest Resource

As previously mentioned, a secure and sustainable native hardwood forest resource will be essential to stimulate new investment in the sector and to enable it to capitalise on emerging market opportunities.

In addition:

- Native forests contribute to local roads; fire management, equipment and expertise; tourism, recreation and heritage.
- Nationally forests generate 11 times more value-adding and direct jobs per hectare than agriculture on average (*source: Towards Global Sustainability, Tricia Caswell+ Associates, School of Forestry and Ecosystem Science, Melbourne University*)
- Growing forests are renewable, regenerated, organic, bio-diverse, solar powered, act as carbon sink and have multiple values.
- Timber is greenhouse friendly.
- The native hardwood industry is local, produces minimal waste (could be even less if the production of bio-energy was permitted by the NSW Government from hardwood waste), recycles water, has minimal carbon dioxide emissions and is non-toxic.
- Forest industries management provide significant reserve systems for forest types and are amongst the most stringently legislated, regulated and audited of any industry. Certification systems such as the Australian Forest Standards are in place.
- The industry benefits from a holistic approach to planning, harvesting and regulations
- Plantations will never replace native forest hardwoods. Unique native timbers cannot be easily transferred to a monoculture system
- Native forests are publicly owned while plantations are privately owned.

Conclusion

The North Coast economy is dominated by service jobs - providing for the needs of the growing population. This is not a sustainable situation as population growth will eventually decline and so too will the area's ability to automatically create retail, tourism and community service jobs. Service jobs are comparatively poorly paid, casual in nature and with relatively low levels of value-add through skill development. Manufacturing and processing jobs on the other hand are highly skilled and add diversity by selling products and services to external customers, thereby increasing the size of the economy.

The native forests and forests products industry provides outstanding opportunity to sustain and grow the North Coast and wider NSW economies and afford manifold benefits to timber dependent communities.

Yet the hardwood sector is on the cusp of falling below the line it needs to maintain a viable innovative, sustainable industry and to encourage further research and development.

Industry sources on the North Coast are extremely concerned about the sustainability of resource levels under the regime of regulations that restrict access to forests previously committed for timber production in the Forest Agreements. Now only 31% of those forests are actually accessible under current regulations. Industry is also extremely concerned that projected yields beyond 2023, the end of current commitments, will fall by at least 40% and as much as 75%.

Unless government acts to ensure access to the forests that were committed to production under the Forest Agreements then the industry, and the supply of hardwood timber to NSW, will collapse with severe social and economic impacts for rural communities.

North Coast Forest's Taskforce Recommendation to the Committee

Recommendations

- That the Public Land Management Enquiry earnestly recommend to NSW Government that there be no additional conversion of State Forests and agricultural land into National Parks or other types of conservation areas because of the negative operational, economic, social and environmental impacts that will thereby occur as described in this submission.
- That the Public Land Management Enquiry recommend assessment of forest areas that have been placed into reserve, that are not relevant or necessary to protect environmental values and that may be returned to forest production.
- That the Public Land Management Enquiry recommend review of regulatory restrictions affecting the management of State Forests and limit access to the full area of those forests.
- That policies are put in place that ensure there is ongoing sustainable resource security, of a rolling nature that is sufficient to accommodate the projected needs of the forests and forest products hardwood industry and the timber market in NSW.