

**Supplementary  
Submission  
No 23b**

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

**Name:** Mr David Joss

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Mr Robert Brown MLC  
Chair, General Purpose Standing Committee No. 5  
Legislative Council, Parliament House,  
Macquarie St,  
SYDNEY NSW 2000

RE: INQUIRY INTO THE MANAGEMENT OF PUBLIC LAND  
IN NEW SOUTH WALES

Dear Sir,

While I was appearing before the committee panel at Deniliquin on 1 August I was asked by Ms Cate Faehrmann MLC if I was familiar with the 2001 BIS Shrapnel report on the NSW river red gum timber industry which, she said, showed the industry was in decline at that time.

After some consideration and further research I would like to offer the attached comments.

I have no objection to my comments appearing on the website though I will leave it to your discretion.

I have made mention of the town of Coolah in the attached comments. It was the first town impacted by Bob Carr's program to create an empire of national parks in the state.

If time permits, that small town would make an interesting case study for your committee into the long-term economic decay that results from stripping a core industry out of a rural community in order to create national parks. I don't believe there is a town anywhere in the state that has benefited from having its sawmills shut down.

Yours faithfully

David Joss

# Supplementary comment

**Re: Question to me at Deniliquin hearing (August 1) from Ms Cate Faehrmann MLC regarding a claim that the BIS Shrapnel report said the river red gum timber industry was “in decline” in 2001.**

This question puzzled me. I had not raised the state of the industry as an issue. As I told the panel, I had not had the opportunity of reading the BIS Shrapnel report because requests for a copy to the authors and to Forests NSW had been denied.

After my appearance before the panel I was approached by a member of the audience who offered to lend me a draft copy of what I believe to be the BIS Shrapnel report referred to by Ms Faehrmann. In reading it I could find nothing to support the claim of decline although there were hints in the text that suggested some marketing and organisational issues. So I thank Ms Faehrmann for her question as it led to the opportunity to acquaint myself with this oft-quoted but seldom-seen report.

All industries face challenges. They survive and prosper by constantly assessing their markets and methods which was the reason the BIS Shrapnel report was originally commissioned.

It is irrelevant to the national park decision whether or not there was a decline in the timber industry eleven years ago. What is relevant is that at the time the industry was deliberately dismantled two years ago it was beginning to reap the benefits of reorganised marketing, investment in improved technology and a rising demand for higher quality, kiln dried timber for furniture and flooring; all of which was recommended by BIS Shrapnel; all of which had, until the industry's demise, been enthusiastically aided, abetted and encouraged by the same government that destroyed it.

The NRC Final Assessment Report refers to the BIS Shrapnel report in the following passage from Chapter 5 (page 111):

The red gum forestry industry of the Riverina bioregion is a relatively niche, self-contained sector of the forestry industry in NSW. Given the different type of timber produced, the red gum industry is not linked in to regional pulp, sawlog and plywood industry based around the softwood plantations near Tumut. The distinctive colour of red gum timber has facilitated the development of boutique furniture and veneer products (BIS Shrapnel, 2001) that are not easily substituted by other hardwoods. Due to its durability, red gum timber is also used for timber railway sleepers and similar applications requiring durability, such as wharf timbers, in preference to other species.

That does not suggest to me an industry in decline and nowhere does the NRC report (which lists it in its

bibliography) suggest it. So from where did the perception that BIS Shrapnel wrote of a decline come?

The submission of the National Parks Association NSW to the NRC assessment stated:

The Red Gum Timber Industry Strategy produced in 2001 highlighted the limited ability of River Red Gum to yield high value products. It highlighted the limitations of the industry due to the nature of the timber and the decreasing quality of the resource. BIS Shrapnel (2001) stated that the variability and poor quality of Red Gum means that it has only limited ability for the production of high value products. It stated that most mills were operating at marginal viability. The Red Gum industry is not robust, and various sectors are beset by fickle markets, problems with continuity of supply, and seasonality of markets (BIS Shrapnel 2001). **There is also a history of industry decline**, and job losses due to mechanisation, in the region (BIS Shrapnel 2001). (My emphasis)

COMMENT: I cannot find statements in BIS Shrapnel that evidentially support these claims. Rather, they appear to be a negative misinterpretation of what BIS Shrapnel really said.

Similarly from the website of the Wilderness Society:

The timber industry, **which has been described as 'marginal'** (BIS Shrapnel 2001, p2) employs a significantly smaller number of people than the tourism industry, while destroying the resource that tourists come to enjoy. Converting the State Forests to National Parks would protect these values, while likely leading to a rise in tourist visits to the forests. Studies conducted for the New South Wales National Parks and Wildlife Service have shown that, in comparable forests that have been converted to National Parks, the growth of tourism has been 'rapid'. Within two years of the creation of Coolah Tops National Park, tourist visits to the area had doubled. (My emphasis)

COMMENTS: (1) The final point was an unfortunate example to use. If the society had been honest it would have shown that the doubling in tourism was from a base figure estimate of only 2000 in 1994-5. (Source: *Seeing the Value for the Trees*, report by Economists at Large [quoting from a NP&WS document], jointly commissioned by the National Parks Association NSW and The Wilderness Society, August 2008, page 55). Factually about half of that increase was due to a weekend jazz concert organised by NP&WS. Coolah was told it could expect 30,000 tourists a year by the then-premier Bob Carr when he shut down its sawmill and created the national park there. After 18 years the town is still waiting to see that prophesy fulfilled. (2) No source is given for the claim about the relative employment levels in the timber and tourism industries. Frankly I doubt it could be sustained in the red gum timber towns although undoubtedly it would be the case in large metropolitan areas with no sawmills. (3) My borrowed draft copy of BIS Shrapnel does not have page numbers but my reading of the document failed to find the word 'marginal' in any context on page 2 or any other page. In fact on page 2 the following background description is provided:

The NSW Red Gum industry is very diverse. The businesses that process the Red Gum resources are geographically dispersed and have developed to take advantage of market opportunities and flat terrain which has led to the development of mobile production facilities, in addition to fixed sawmills, for the production of sleepers, fuel wood and other timber products.

Perhaps I am unduly optimistic but that passage suggests to me an industry that has seen the need to make the best use of the prevailing circumstances and conditions and made appropriate adjustments.

Moreover the preamble on the first page states: “The NSW Red Gum industry is an integral component of the larger NSW native hardwood timber industry **and is essential to the local economies in which the industry is based.**” (my emphasis). There are some who hold the view that the contribution of the red gum industry was so insignificant that it would not be missed but the bolded statement shows that, while BIS Shrapnel grasped the importance of a wealth-creating industry in a small rural economy, many others do not seem to have any idea of the interdependence of small enterprises in rural economies. When the man who cuts down the trees gets paid, many of the businesses in his town also receive a benefit. When that timbercutter is made redundant and leaves town, the benefit is removed not just from the tills of the grocer, the publican, the service station, the dress shop and others, it also impacts on medical services, schools, police and other essential community facilities. When the hardware shop closes the people are forced to shop in a bigger town where they then may start buying their fuel and groceries too.

It makes far less difference if a comparable city-based business goes to the wall; the scale of the economy can absorb the impact. But it is devastating to rural towns. And while I am aware that around \$12 million was disbursed in grants to assist affected communities, I am not sure that we obtained the best value from all the projects selected for funding (e.g. One business received a six-figure grant to purchase equipment which essentially would reduce the need for more staff. Towns outside the river red gum industry's local economic zone obtained grants. Another major development is, I understand, bogged down in bureaucratic processes.) So it seems to me that the claim of a decline in the industry in 2001 came not from BIS Shrapnel but from an exaggerated, negative reconstruction of comments in the document by some sections of the environmental movement. In fact the whole thrust of the study is to promote an industry transition from volume-driven production to value-adding and higher quality products—to improve its profitability.

The only statement I could find which might be tortured verbally into “decline” or “marginal” was under the heading *Market development* and said “The range of traditional Red Gum products remains reasonably well received in the market place, however volumes are decreasing and consumers are becoming more critical and demanding.”

It is a matter of record that in the following ten years volume increased and so did profitability. In any case decreasing volume does not necessarily mean decline as the following table from the Arche Consulting

socio-economic report, prepared for the NRC and dated December 2009 (page 45) demonstrates. Fifteen percent of total volume is in high-end products, most of which had some value adding treatment, a marked improvement on the situation in 2001.

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**Table 38 Estimated proportion of sawn volume and indicative range of unit prices (derived from surveyed businesses and other sources)**

Product	Estimated of proportion of total volume	Range of unit prices (per m <sup>3</sup> unless stated)
Structural / Building / Furniture/ Heritage	10.0%	\$2,000-2,500
Veneers	1.0%	\$2,000-2,500
Weatherboards	1.5%	\$2,000
Decking timbers (green)	3.0%	\$550
Sleepers	25.0%	\$600-700
Crossings timbers	2.5%	\$1,500 - \$1,800
Garden Timbers	16.0%	\$390 - \$430
Firewood	30.0%	\$100 - \$120 / tonne
Wood chips	7.5%	\$65-\$100 / tonne
Mulch	1.0%	\$30
Saw dust	2.5%	\$35
<b>TOTAL</b>	<b>100%</b>	

y plan to keep the industry viable in a changing market-place. It seems to have succeeded. That it was apparently cherry-picked and deliberately misrepresented by the environmental lobby is shameful.

Exaggerations like this do environmentalism no favours and will ultimately harm all conservation causes.

Having said that, if Ms Faehrmann can provide a BIS Shrapnel report clearly stating that the industry was “in decline”, I would of course withdraw my comments relating to the report.

Thank you for your patience.

David Joss