

**Submission  
No 53**

**INQUIRY INTO LONG TERM SUSTAINABILITY AND  
FUTURE OF THE TIMBER AND FOREST PRODUCTS  
INDUSTRY**

**Organisation:** Snowy Monaro Regional Council

**Date Received:** 25 May 2021

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24 May 2021

The Hon Mark Banasiak MLC  
Chair - Portfolio Committee No. 4 - Industry

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**Inquiry into the long term sustainability and future of the timber and forest products industry**

The Snowy Monaro Regional Council local government area in South East NSW covers 15,000 sq km. Snowy Monaro shares its border with the ACT in the north and Victoria in the south. The ABS estimated resident population for 2020 is 20,997 (.id Consulting).

The key objectives of this inquiry are to report on the long term sustainability and future of the timber and forest products industry and the role of NSW government agencies in supporting the industry across a multitude of factors, including:

- the nature of, and relationship within, the value chain between the timber and forest products industry, and opportunities to enhance supply chains
- projections for supply and demand over the next 30 years, as well as transparency and data reporting of timber supply
- opportunities for the industry and timber dependent communities
- additional protections, legislation or regulation required in NSW to better support the forestry products industry and timber-dependent communities, including opportunities for value adding,
- the role of the government in addressing key economic, environmental and social challenges as well as the environmental impact and sustainability of native forest logging, including following the 2019/20 bushfire season

Snowy Monaro Regional Council's position and responses to these objectives are:

- NSW has the potential to produce more high value timber based products for Australian markets
- Environmental law is restricting industry ability to protect timber assets in times of natural disaster
- The Black Summer Bushfires have significantly impacted our local industry and enabling sectors
- Upgrades to local (Council owned) road infrastructure would improve haulage route industry efficiencies but there is a gap in funding to support this
- Council's need a better means to encourage diversification in the use of marginal agricultural land for new softwood plantations

In early 2020, the Black Summer Bushfires devastated the region's local softwoods timber industry, mostly located around Bombala in the south. To enable the industry and government to better understand and gain a shared perspective of the impact the bushfires will have on the industry into the future, Council engaged Margules Groome Consulting Pty Ltd (Margules Groome) to deliver the *Bombala Region Softwoods Industry Bushfire Recovery Study* (Softwoods Study).

Margules Groome state in the Softwoods Study that 'The Bombala softwood plantations and associated industry are significant' and the Snowy Monaro Regional Economic Development Strategy 2018 – 2022 identifies the Forestry & Wood Products Specialisations as one of our 'Engines of Growth'. Agriculture is a key economic driver for the region, surpassed only by Tourism.

Based on the evidence presented by Margules Groome in the Softwoods Study, Council requests that the Committee note the following response as part of the inquiry into the long term sustainability and future of the timber and forest products industry.

Regarding projections for softwood and hardwood supply and demand over the next 30 years, Australia is the sixth most forested country in the world yet we are a net importer of forest products, with an annual trade deficit in forest and wood products around \$2 billion per year. In reality, because much of Australia's timber product is export market oriented including low value timber products like wood chips, we have the need to import high value timber based products eg. paper and paper board, plywood and sawn timber.

As a nation, we cannot afford any reduction of current plantations or natural forests from our production base as it will cause a decline in industry capacity (business numbers, skills and employment). Businesses further down the timber supply chain will be forced to source more fossil fuel based products such as concrete, steel and aluminium. The study notes:

*The above situation presents a large opportunity (if managed properly), for the NSW government to support expansion of the forestry industry by reducing regulation and encouraging the development of new softwood plantation estates and private native forestry agreements, as the industry already holds the IP and manufacturing assets to deliver more supply of our own high value timber products.*

The above reference to 'if managed properly' is directed at poor protection of forestry assets from natural disasters, such as the 2020 Black Summer Bushfires. Whilst the NSW Forestry Industry Roadmap is a visionary document for the industry, it focuses on environmental protection only (biodiversity, habitat etc.) and neglects overall protection of the asset, particularly preparation for and during disasters, to ensure assets remain unharmed and persist to meet future production requirements.

In particular, a lack of ability by the softwoods industry and landowners engaging in private native forestry to create strategic firebreaks through vegetation clearing to reduce the threat of fire is a shared frustration. Quoted in the Softwoods Study, "Pine plantation managers have commented that they felt their plantations were not valued by the various fire and emergency services and were too ready to light back burns in their plantation assets".

Locally, the threat of future bushfires is a high risk to the future of both hard and softwood sub-sectors, but also the regional economy and in particular, the future of Bombala. Margules Groome estimated that there are more than 370 direct jobs in the softwood plantation industry in the Far South East of NSW, which supports at least another 450 indirect jobs in businesses that service and/or rely on the Bombala softwood plantation industry in some way. The 2016 Census identified a total of 513 jobs in Bombala Township.

*The NSW government has an opportunity (and need) to review how environmental law is in fact causing more environmental harm than good, and how environmental legislation changes could better encourage and support the protection of our Timber Assets, and regional communities who rely on the assets for economic prosperity.*

Timber haulage use of road infrastructure in our region is determined by road condition and weight limits. Better strategic thinking and funding to identify haulage routes would result in efficiencies and time cost savings for industry.

For example, many residents consider the Bombala CBD to be high risk due to the number of heavy vehicle truck movements through the main street (general freight as well as timber haulage). These heavy vehicle movements could be reduced if haulage traffic from the Cathcart area was able to travel the Black Lake Road that diverts around the Bombala Township, however this would require improvements to the road including the surface and a particular creek crossing.

*The NSW government has an opportunity to reduce timber haulage costs and keep communities safe, by supporting Councils with financial resources to upgrade and maintain strategically identified locally classified road infrastructure.*

Finally, in recent years, Council has been unable to effectively encourage and support owners of agricultural land to develop new softwood plantations in more marginal areas of their property. It is often suggested that land supporting less than one Dry Sheep Equivalent (DSE) per acre, would produce more profit under pine plantation than primary production. If marginal areas suitable for plantations could be mapped, and incentives provided to develop plantations in the mapped areas, it would encourage growth in the local industry. At present there is no mechanism to encourage development of new plantations on existing lands used for primary production, whilst protecting the most productive agricultural land.

*The NSW government has an opportunity to encourage diversification of land use, on lands which have traditionally been maintained for primary production purposes. This suggestion needs to give consideration to the previous point; that road infrastructure to new plantation sites needs to be of a standard that enables timber haulage, rather than hinder it, and this carries a large maintenance burden for Councils.*

To conclude, as a result of the Black Summer Bushfires, our local forestry industry is facing potentially serious supply issues during the 2030s.

As a result, the long term sustainability of the industry in our region is by no means guaranteed.

We commend the issues raised through this study and noted in this letter for your consideration, and thank you for the opportunity to make a submission to the inquiry.