Submission No 63

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

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Date Received: 25 May 2021

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

https://www.parliament.nsw.gov.au/lcdocs/inquiries/2762/Terms%20of%20Reference%20-%20PC%204%20-%20Forest%20industry.pdf

General

Native forest logging has been uneconomic or financially marginal for many years and survives only because of major public subsidies. Some participants do sometimes make profits from it, but, overall, it has no future without subsidies, direct and indirect.

It has lost public support. This is largely in recognition of the fact that industrial logging on the scale required for woodchipping cannot be carried out in an environmentally responsible way.

It has failed to be either financially viable or take account of the environmental values of climate, water, soil erosion or wildlife.

Responses to Terms of Reference

(*a) the nature of, and relationship within, the value chain between the timber and forest products industry, logistics companies, manufacturers, retailers, exporters and their relationship with timber supply and environmental management, and opportunities to enhance supply chains,* and

(b) the impact of external influences on the timber and forest products industry, including but not limited to drought, water, fire, regulatory structures, habitat protection and local, state and federal policies regarding climate change and plantation establishment,

The native forest sector has lost its social licence. Research on public opinion(1) has repeatedly shown that an overwhelming majority of Australians want to see it end. Even industry research has shown this.

A major research project by Forest and Wood Products Australia: "Community perceptions of Australia's forest, wood and paper industries: implications for social license to operate"(2) surveyed over 13,000 people from throughout Australia. It found 70% of urban, and 65% of rural Australians find logging of native forests unacceptable. This compares to just 10% of urban, and 17% of rural Australians finding it acceptable.

A higher proportion of NSW residents than the national average (Table 11: 56) considered that the logging industry had a negative effect on both water and the environment.

In some countries which have historically been buyers of Australian woodchips, many major paper manufacturing companies no longer buy native forest woodchips. In Japan, for

1 http://www.chipstop.savetheforests.org.au/poll%20flyer%20A5-3polls.pdf

2 Community perceptions of Australia's forest, wood and paper industries: implications for social license to operate, August 2018.

example, only Nippon Paper, a former owner of the Eden woodchip mill still uses native forest wood.

(c) projections for softwood and hardwood supply and demand over the next 30 years,

The native forests of NSW are not a magic pudding. Both the Natural Resources Commission(3) and the Forestry Commission(4) itself have acknowledged that the collective impacts of drought and bushfires mean that "business as usual" in logging cannot continue.

The Government and the plantation sector should be preparing now for a full transition out of native forestry. This should include domestic processing of plantation logs, rather than the export of whole, unprocessed logs as currently happens.

Machines, vehicles and skills are readily transferrable to plantation forestry.

(d) transparency and data reporting of timber supply,

Transparency has never been a strong point of the logging industry. For example, until just a few years ago the Forestry Corporation and its predecessors aggregated native forest and plantation financial data so that it was next to impossible to judge profitability and relative cost structures.

This still happens in relation to the Community Service Obligation, the program under which direct subsidies are paid from the Treasury to the Forestry Corporation for certain activities. Many data sets still conflate plantation and native forest figures.

Private companies operating in the sector are similarly opaque. Allied Natural Wood Enterprises Pty Ltd, owner of the Eden chipmill has not lodged an Annual Financial State to ASIC since 2018/19.

(e) opportunities for the timber and forest products industry and timber dependent communities and whether additional protections, legislation or regulation are required in New South Wales to better support the forestry products industry and timber-dependent communities, including opportunities for value adding,

The future of communities in areas where native forest logging still occurs would be best served if native forest logging ended. The native hardwood sector is a tiny employer. The workforce is steadily decreasing as the industry becomes more and more highly mechanised. It takes more than $5 million of capital investment to support one single job in the industry.

Imagine what many small businesses, especially in regional areas could do with funding like that?

Further, there are industries such as oyster growing and tourism which are held back by the native forest logging industry. Oyster growers have opposed logging in their catchments over many years. Similarly, visitors are more likely to be attracted by a more pristine

3 2019-2020 Bushfires Extent of impact on old growth forest A joint report prepared by 2rog Consulting and the Natural Resources Commission – FINAL 3/04/2020, https://www.theguardian.com/australia-news/2020/nov/27/logging-in-nsw-bushfire-hit-coastal-regions-to-be-reviewed-after-stand-off-between-industry-and-epa

4 https://www.dpi.nsw.gov.au/__data/assets/pdf_file/0004/1299388/fcnsw-sustainable-yield-report-2019-20-wildfires.pdf

environment than by an environment whose forests, wildlife, waterways and soil have been harmed and degraded by logging.

Exemption from local government rates for production forests has saved the Forestry Corporation well over $300 million in rates to the Bega Valley Shire alone, a cost born by other ratepayers.

(f) the role of the government in addressing key economic, environmental and social challenges to the industry, including funding and support to encourage improvements in forestry practices, training, innovation and automation, workplace health and safety, industry and employee support, land use management and forestry projects,

The State Government has known for years now that the native forest logging industry is marginal, at best, and usually makes a loss, even with generous subsidies. It is irresponsible for any government to keep on propping it up when it knows that it has no future without bigger and bigger subsidies.

A transition to plantation softwood is already underway. Valuable skills, machines and vehicles are increasingly being applied in the plantation sector. A responsible government would make a policy decision to complete this transition, for the good of the economy, regional communities and the environment.

(g) the environmental impact and sustainability of native forest logging, including following the 2019/20 bushfire season,

Fifty years of intensive, industrial woodchipping on the south coast has been catastrophic for the environment. It has also contributed to climate change. See Attachment A.

Eighty percent of south coast State Forest available for logging was burnt in the 2019/20 summer bushfires. Countless millions of wild animals were killed and most of the burnt forests are still largely silent.

Where trees have survived, most have still only epicormic growth.

These forests need time to recover. Scientific advice[5] tells us that if a burnt forest is logged now, it will be 200 years before it recovers from the environmental damage suffered.

The Environment Protection Authority's attempts to require site specific approvals for logging burnt forest have now been rebuffed by the Forestry Corporation. Ideally, native forest logging should cease, but as an interim measure, site specific approvals should be required at the very minimum.

(h) the operation, effectiveness and outcomes of the implementation of the NSW Forestry Industry Roadmap and Bushfire Industry Recovery Package,

These programs have lacked transparency and many are simply a disguised handout, often politically motivated. For example, the exact amount of the grant received by Allied Natural Wood Exports under the Bushfire Industry Recovery Package for its "Pinelog Export Yard Development" does not appear in the minister's media statements or government website.

5 https://www.youtube.com/watch?v=bt-_WDa-ZKE

Also, some of these grants appear to have been made for projects which were planned or under way well before the bushfires. The grant to South East Fibre Exports for a "power upgrade" relates to a project announced before the bushfires.

(i) best practices in other Australian and international jurisdictions in relation to the sustainability of the timber and forest products industry, including social sustainability, community and Indigenous engagement and multiple uses of the forest estate and

New Zealand ended native forest logging in 2002 and now has a thriving plantation forestry industry.

Chile did something similar.

These countries are a model for Australia; we could do the same and expect an environmentally sustainable, financially sound plantation based industry.

Victoria has made a commitment to end native forest logging by 2030. While this is a sound decision, the 10 year timeframe is not realistic.

Attachment A

SCORECARD: 50 YEARS OF WOODCHIPPING ON THE NSW SOUTH COAST

28 NOVEMBER 2019

1. Over 42 million tonnes of woodchips exported. None for domestic use.

2. More than 31 million trees cut down and chipped.

3. Hundreds of millions of tonnes of CO_2 have been released into the atmosphere.

ECONOMY

1. Woodchipping was founded on the myth it would use “waste wood”. Often logging operations now yield 100% pulp. History.

2. The price for pulp log now received by the State-owned Forestry Corp. is at a record low of $3.72 a tonne for the Southern Region of NSW.

3. Native forest logging is increasingly marginal for Forestry Corp. Lately it has often made a loss, despite heavy subsidies.

4. The pulp industry is one of the most capital-intensive in the country. More than $5M of investment is needed to support every job. Imagine what most small business operators could do with $5M? Industry jobs have dropped from 450 in 1980 to less than half of that today.

5. Exemption from Bega Valley Shire rates for production forests has saved Forestry Corp. well over $300 million.

WILDLIFE

1. Koalas reduced from several hundred to about 60.

2. Countless wild creatures have suffered and died and even once abundant species like Greater Gliders, Sugar Gliders and White-throated nightjar populations are reduced.

THE FUTURE

1. Jobs at the Eden chipmill have dropped from almost 100, to just over 30.

2. Sawmilling has an uncertain future with Blueridge Hardwoods of Eden facing closure and the Batemans Bay mill closing in 2012. Companies owning the Eden chipmill are likely to become monopoly buyers of every tree felled in the Eden Region. This could result in even more sawlogs ending up at the chipper than we have already seen.

3. In the Eurobodalla and Bega Valley Shires combined, the industry employs less than 1% of the workforce.