

Submission
No 130

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

Organisation: National Parks Association of NSW

Date Received: 28 May 2021

The Hon Mark Banasiak MLC
Inquiry Chair
Portfolio Committee No 4 Industry
NSW Legislative Council

28 May 2021

Dear Mr Banasiak,

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

The National Parks Association of NSW (NPA) welcomes the opportunity to comment on the Legislative Council Inquiry into the long term sustainability and future of the timber and forest products industry.

NPA was formed in 1957 and sixty three years later we have 15 branches, 4,000 members and over 20,000 supporters. NPA's mission is to protect nature through community action. Our strengths include state wide reach, deep local knowledge and an evidence based approach to advocacy.

This submission is most relevant to inquiry terms of reference relating to the role of government in addressing economic, environmental and social challenges to the industry (f), the implications of the 2019/20 bushfire season on the sustainability of native forest logging, and the application of international best practice to the management of the forest estate (i).

Time for a fresh approach

NPA recommends that an immediate moratorium be placed upon logging in public native forests. This would be the first step towards transitioning those elements of the timber and forests products industry that currently draw upon public native forests to plantation sources of timber. Our reasons for concluding that all logging in public native forests should cease immediately is influenced by the convergence of several factors affecting the total forest estate. These include:

- The unsustainable extent to which native vegetation has been cleared across most NSW bioregions. Excessive clearance is the primary driver of species decline and plays a major role in the loss of ecosystem integrity. Despite the ever diminishing area of remaining native vegetation the rate of clearance continues to accelerate as a result of the 2016 changes to native vegetation laws. The surviving stands of native vegetation, including those gazetted as State Forests, are becoming ever more significant from a biodiversity perspective as the total area of vegetated land declines;
- The unprecedented scale and severity of ecological damage to the forest estate during the 2019/20 fires and preceding drought;
- The mathematical impossibility of Forestry Corporation meeting existing wood supply contracts without inflicting unacceptable environmental damage to burnt and unstable landscapes, refugia, old growth, rainforest and threatened species habitat;
- The inability, or unwillingness, of Forestry Corporation to operate within the regulatory regime that applies to harvesting operations;
- The clear shift of Forestry Corporation to industrial scale harvesting rather than sustainable resource management, as exemplified by their repeated reference to the forests of the Bellingen Valley as the last unexploited 'wood bowl';

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- The scientific consensus that logging increases the risk of catastrophic wildfire by drying forest fuels, preferentially favouring fire prone species and creating a continuous distribution of fuels from the ground to the canopy;
- The fact that undisturbed forests have a vastly greater capacity to sequester and store the atmospheric carbon that drives dangerous climate change;
- The excessive carbon emissions associated with all phases of the forest products industry, from the release of soil captured carbon during logging operations to the international transport of low value chipped products.
- The emergence of alarming proposals to exacerbate Australia’s dismal international reputation on climate policy by converting forests into biofuels;
- The consistent financial losses and limited community benefits associated with the extraction of native timbers. It appears that Forestry Corporation financial reporting deliberately obscures the cross subsidisation of native forestry by the plantations;
- The illegal forestry operations in southeast NSW, with 99% of all native forest products being diverted into the low value, high environmental impact wood chip industry;
- The emerging evidence that managing forests for conservation, recreation and nature based tourism offers much greater economic benefit to regional economies than the continuation of subsidised forestry activities;
- The disastrous contribution of logging to biodiversity loss and the extinction crisis, particularly in relation to forest dependant fauna such as koala, platypus, gliders, potoroo and forest owls;
- The proven capacity of the existing plantation forests to deliver high value timber to the forestry products industry (especially construction timber), and the ample opportunities to expand the area currently under plantations without adversely impact on native vegetation; and
- The manifest financial, economic, environmental and operational advantages of expanding the softwood and native plantation sector. These include the strategic placement of plantations on degraded agricultural lands that are less vulnerable to large scale fire events than existing plantations.

In NPA’s view the above factors compel a fundamental change in the way in which our public native forests are managed. The current resource extraction model has resulted in very poor community outcomes, an alarming and unsustainable loss of biodiversity values and a disastrous level of vulnerability to catastrophic fire. The alternative is to build upon the success of tourism in regional economies and transition to a model where our forests sequester carbon and sustain local communities, businesses, culture and biodiversity. The 2019/20 fires truly did change everything, including any delusion that decisive action can be further delayed.

Case studies

The unsustainable nature of current forestry practices across NSW becomes very evident when considered in a regional context. The following case studies illustrate NPA’s acute concerns about the current situation and document a pathway towards a new approach to our forest estate.

The Pilliga

The Pilliga forests are the largest remaining remnant of NSW’s western woodlands. They form the only substantial remnant in the Brigalow Belt South, a bioregion in which more than 98% of native vegetation has been cleared.

A major review of crown lands in the Pilliga was conducted in 2005. This generated a complex array of tenures comprising State Forest, National Park, Nature Reserve, State Conservation Area, and Aboriginal

Areas. A key premise of the review was that large areas of State Forest were required to maintain production of certain specialist timbers, notably *Callitris*.

The stark reality is that historic forestry practices across the entire Pilliga Forests have reduced the availability of the target species to a point that they cannot be economically harvested. The inevitable result is that the last regional timber mill closed in 2019. The local industry has clearly concluded that Pilliga is no longer a viable forestry operation.

The same conclusion applies to virtually all of the State Forests west of the Great Divide, where the large majority of commercial activity is restricted to fire wood collection.

The Pilliga also offers a compelling example of the role of forestry in removing canopy cover, drying surface fuels and promoting larger and more intense wildfires. The increasingly frequent and large fires across the Pilliga have further contributed to the loss of commercial viability in forestry operations.

The declaration of parts of the Pilliga as State Forests has unexpected environmental impacts associated with the uses that are permissible under that tenure. Both the Narrabri Gas Project and Inland Rail projects have used the fact that mining and vegetation clearance are permissible in State Forests to justify large scale clearance of threatened ecological communities, destruction of threatened species habitat and disruption of nationally significant ground water systems. Both projects fragment the Pilliga forests and inflict wide ranging damage on the entire forest estate, including the adjacent conservation reserves

NPA has consistently advocated for the protection of the entire Pilliga forest estate as conservation reserves. Notwithstanding the serious damage to be inflicted by the gas project and inland rail (if approved), the Pilliga forests remain one of NSW's most significant environmental assets. With the closure of the last mill there is no reason why an integrated management model should not proceed with the conversion of the State Forests into State Conservation Areas. The State Conservation Area category would preserve any development rights granted to the gas and rail projects.

NPA suggests that the Inquiry investigate the extremely low level of commercial activity currently conducted in the State Forests of western NSW. The western bioregions are very poorly reserved in the Protected Area Network, falling far below the international standards for a Comprehensive, Adequate and Representative. The conversion of these State Forests to State Conservation Areas offers a 'win win' by absolving Forestry Corporation of land management responsibilities over uneconomic forests while making a very significant contribution to the Protected Area Network.

The mid north coast

The Great Koala National Park (GKNP) proposal is located in the Bellingen/ Coffs Coast region. It would protect the largest surviving koala populations in NSW, around 20% of the species, in a single conservation reserve. A NSW government review of the GKNP proposal acknowledged that these koala populations are of national importance. The GKNP offers also offers a far wider range of biodiversity benefits by protecting ancient Gondwanan rainforests and unique fauna and flora.

The GKNP builds upon existing national parks and nature reserves by adding approximately 175,000 hectares of State Forests to create a 315,000 hectare reserve.

Forestry Corporation has referred to the State Forests of the Bellingen Valley as the 'wood bowl' of NSW. NPA takes this to foreshadow intent to concentrate operations in this area, despite its national significance for koalas, Gondwanan rainforests and as a refugia for fire affected species.

A recent study by the University of Newcastle confirmed the economic, environmental and community benefits of the GKNP. The research compared the economics of forestry operations with managing the area as a conservation reserve with recreational activities and nature based tourism enterprises (Attachment A). The study concluded that the GKNP would deliver more than 9,000 regional jobs and generate \$2.8 billion in value. This landmark study has projected additional national economic output of \$1.2 billion over the next 15 years and \$1.7 billion in biodiversity value.

The report assumes that forestry related employment would transfer into park management, environmental restoration and ecotourism under a government supported transition package. Similar models applied to the southeast forests, Coolah Tops and the Murray Valley. The report identifies the regional tourism economy as a major beneficiary of the GKNP, with a projected increase of 1 million visitors per annum spending more than \$400 million. In the context of the current pandemic the creation of the GKNP would represent a major boost to local tourism over a period in which international visitors are unable to travel to Australia.

An important factor behind the positive prognosis for the GKNP is that the proposal is based on an expansion of community access, recreational use and nature based tourism within the new park. NPA has consistently advocated for a broad range of recreational activities in the forest estate, particularly those areas historically subject to logging and other disturbances. A spectrum of appropriate recreational and commercial activities is described in NPA's *Forests for All* (<https://npansw.org.au/wp-content/uploads/2018/06/Forests-For-All-Case-For-Change.pdf>).

The University of Newcastle report provides a peer reviewed methodology for assessing the economic, community and environmental benefits of transitioning State Forests out of commercial forestry activities. NPA suggests that the Inquiry recommend the commissioning of similar assessments for all regions containing public native forests. The assessment process offers a very useful starting point for mapping regionally specific options for generating community and environmental benefit from the former State Forests.

The southeast

The 2019/20 fires had a profound impact on the forests of southeast NSW, with crowning fires across much of the landscape and bushfire impacts over more than 80% of the region's forest estate. The unprecedented scale and intensity of impact resulted in massive loss of wildlife, with more than a hundred fauna species pushed towards regional and even outright extinction. A mosaic of forest vegetation of different ages and successional stages has largely been replaced by a single age class with greatly reduced capacity to support the full complement of biodiversity.

The burnt areas are capable of recovery, however at this stage they are highly vulnerable to any disturbances that threaten the stability of the land surface, the regeneration of vegetation and the integrity of watercourses. Full ecological recovery will depend on the retention of the habitat features and unburnt areas that are acting as refugia for those species that haven't survived in the vast areas of recovering vegetation.

If the forests are to recover action is required on two fronts. The first is the protection of the soils, hydrological system and seedlings within the fore affected forests. The second is the protection of the rare patches of unburnt habitat that are acting as biodiversity arks for the re colonisation of species across the impacted forests. In NPA's view these environmental imperatives are incompatible with the continuation of logging in the public native forests.

In parallel with these environmental drivers the fires have fundamentally changed the economic and regulatory context of forestry. An industry that was already subject to the perverse drivers of woodchip production rather than sawlogs has been further compromised by the timber losses associated with the fires. It is apparent that the theoretically available wood supply is insufficient to service existing contracts on an environmentally sustainable basis.

NPA is incredulous that Forestry Corporation has continued to operate as though the parameters and assumptions embedded in the Regional Forest Agreements remain valid. This avoidance of reality has resulted in an outrageous flouting of regulatory obligations. It also erodes the opportunity to take the obvious step of declaring force majeure in relation to the existing wood supply contracts.

The alternative to an environmentally and economically unsustainable timber products industry in southeast NSW is to transition the forest estate to conservation, carbon sequestration and nature based tourism. These purposes offer far greater economic returns to regional communities than the highly subsidised, loss producing operations in public native forests. It is also the only pathway that offers the opportunity to reduce the extreme fire behavior generated by forestry operations and maximize the potential for species recovery across the forest estate.

A model for transition

The implementation of a moratorium on logging in public native forests requires a carefully planned transition process. NPA recommends the following steps:

1. Implement an immediate 5 year moratorium of logging operations in all public native forests.
2. Enact legislative separation of the softwood plantations and native forests, with potential sale of the rights to the timber resources (but not land) of the plantations to fund an industry transition package.
3. Prepare regional economic assessments of the relative contributions of forestry and alternative conservation/ nature based tourism model of forest use. NPA has described an alternate model in *Forests for All*. In relation to regional studies NPA strongly recommends the economic assessment methodology developed by the University of Newcastle for their review of the GKNP (Attachment A).
4. Commission an independent review of the history and current status of NSW State Forests, to enable a clear differentiation between public native forests, public hardwood plantations and public softwood plantations. In NPA's view evidence of past logging, or even clear felling, is not in itself sufficient to demonstrate that an area warrants identification as hardwood plantation. This category should be reserved for lands specifically established and managed as a monoculture of specific species. Areas that have been subject to periodic rotations of harvesting and which demonstrate a species richness comparable to unlogged areas should be classified as public native forest.
5. Review Forestry Corporation functions. NPA's view is that it should become an administrative unit within the Department of Primary Industry, without any operational role in land management or forestry operations. The new unit would assume a similar policy and regulatory role for forestry as currently applies to mining, fishing and agriculture. Key functions would include the regulation of the Plantations Code of Practice, ensuring safe work practices and the payment of royalties for harvesting on public land.
6. Develop and implement a forestry transition package. Previous arrangements for the preferential transfer of forestry workers to other public sector land management agencies, including but not limited to NPWS, offers a sound model.
7. The transition arrangements for the Murray Valley forests offers an appropriate starting point for forestry contractors and companies, however NPA would recommend a strong focus on

opportunities to leverage nature based tourism enterprises, including accommodation, transport, recreational activities and experience delivery.

8. Review land tenure for existing State Forests dominated by native forest. The analysis needs to cover environmental values (including potential contribution to the protected area network consistent with CAR principles), recreational opportunities and operational management requirements.
9. NPA recommends that all existing State Forests dominated by native forest be gazetted as State Conservation Areas under the *National Parks and Wildlife Act* and with provision for a 5 year review.
10. Alternatives include amending the *Forestry Act* to separate State Forests into two discrete categories, plantations and public native forests. The latter category would require new management principles that prohibit commercial forestry activities and describe appropriate recreational and conservation objectives.
11. Existing Flora Reserves to be transferred as a new reserve category under the *National Parks and Wildlife Act* and transferred to the management of NPWS and/or the appropriate board of management (in cases such as the Murrah Flora Reserves where they are adjacent to existing reserves).

Conclusion

NPA commends the Legislative Council for inquiring into the immediate and long term future of the forest products industry. The Inquiry has indicated that regional hearings will be conducted and, as an organisation with branches across the state, we would welcome the opportunity to contribute our members' deep understanding of their local forests in those hearings.

NPA trusts that the Inquiry will conclude that it is the time for an immediate transition to a wholly plantation based forest products industry. A central tenant of intergenerational equity is that our descendants have the opportunity to experience natural landscapes in as good or better a condition as our generation has enjoyed. The reality is that we will not deliver any semblance of intergenerational equity unless we make immediate changes in the way our forest estate is managed.

No future generation will thank their grandparents for cashing in their ancient heritage for woodchips. They will celebrate a forest estate that is home to an abundance of gliders, owls and koalas, that safeguards clean air and water, and sequesters the carbon that would otherwise wreak climate chaos. Bold action is timely, entirely feasible and in our collective interest.

If you wish further details on NPA's proposals for public native forests please contact Executive Officer Gary Dunnett at garyd@npansw.org.au

Yours sincerely,

Dr Grahame Douglas
President

National Parks Association of NSW

protecting nature through community action