

**Submission  
No 195**

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

**Organisation:** Burbidge Farms

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**The Honourable Mark Banasiak, MLC**  
**Chair Portfolio Committee No.4**  
**Parliament House, Macquarie Street**  
**SYDNEY NSW 2000**

Dear Mr Banasiak,

Thank you for accepting my submission into –

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

**Some context on the plantation timber industry in the south West Slopes of NSW.**

Originally the softwood forests were developed and managed by the NSW state government. There was then some investment by private companies in establishing and managing softwood plantations. This occurred mostly on lower value land where traditional wool production was less profitable. This was aided by the collapse of the wool Reserve Price Scheme (RPS) in 1991.

The RPS was an industry run, Federal government backed scheme which distorted market forces and ended in a failure which cost the industry billions of dollars over the following 10-15 years.

In the late 1990's the Federal government introduced the Agricultural Managed Investment Scheme (MIS) which enabled investors to claim large tax concessions by investing in certain agricultural industries, including forestry. Largely the MIS investors achieved their tax 'break' but eventually lost most of their capital. Those investors had a choice and history shows it was a poor choice.

With access to large investment funds MIS companies bought large areas of land and established softwood plantations. Over a few years plantations were established on any type of land, with values doubling and no other industry could compete with softwood MIS companies buying land. The MIS scheme allowed the displacement of inherently more profitable enterprises of sheep and cattle grazing to be replaced by inherently lower profit softwood plantations, even on the better land classes.

Some of the land used for MIS plantations is being converted back to grazing enterprises. This is a logical flow of capital away from plantation timber back into more profitable businesses.

MIS investors were not the only losers under the MIS plantation investments. The local communities around the MIS plantations were big losers. The original graziers and their families were continual contributors to the local economies. As they were replaced there was a decline in economic activity and services such as livestock sales, wool sales, fertiliser sales, rural supplies, etc all declined. The decline of these activities and services adversely affected employment within the community which has spin offs to numbers of school children, subject choices at schools, sporting clubs which all decline. The plantations created a few short term jobs during establishment and minimal jobs are likely until harvest. In this area the communities of Tumut, Batlow, Adelong, Tumbarumba and Holbrook have been the big losers from the MIS softwood plantations scheme. If the plantations are harvested at some stage in the future there may be some economic benefits from value adding sawn logs into timber, however that has not happened yet and certainly is not assured.

The Federal government MIS scheme distorted market forces and created failure by allowing a low profit industry to replace higher profit industries.

### **How to satisfy the need for more timber products**

There is obviously a need for more forest products in Australia. Every week there are news items outlining shortages of building materials. However, a shortage of building materials does not mean that we should try to increase production of those forest products where that production will displace higher profit industries or in areas which are not suited to production.

The issue of current insufficient timber building products should be examined from different perspectives. Another approach may be to change building regulations so that all new housing is far more sustainable. Building smaller, passive solar design houses with high thermal mass should require less timber products and reduce energy consumption and hence running costs at the same time.

### **Will softwood plantations be sustainable in the South West Slopes of NSW in the future.**

No one can predict the future. However, the overwhelming majority of climate scientists are predicting temperature increases, and greater extremes of climate. If this eventuates then it is likely that the chances of harvesting plantation timber will become increasing difficult even if it is planted. An increase in temperature will increase evaporation and evapotranspiration rates and likely to reduce growth rates of all plants including softwoods.

An increase in temperature and greater extremes of climate will increase the likelihood of catastrophic bush fires like the Dunn's Road fire which devastated large areas of plantation in 2020.

With greatly increased risks associated with softwood plantation production in South West Slopes of NSW in the future it would be prudent to look for supplies of building materials to be produced in other areas where the risks are less. This may be other places in Australia or in other places around the world where global warming may enhance plant growth and timber production.

To emphasise this approach, my business, Burbidge Farms, which operates in the South West Slopes of NSW (around softwood plantations) has expanded its business with the purchase of farms in South West Victoria. The primary driver for this move is to avoid the impacts of climate change in the South West Slopes of NSW. Over the last 25 years we have had to change our production systems to allow for the changes to climate that have occurred already. Climate change with increased temperatures can only be beneficial in the high rainfall areas of South West Victoria, resulting in greater plant growth.

### **Fires**

Risk of fires has always been present in softwood plantations. Fires in the Bondo plantation in 2006 and Carabost/Humula plantations in 2014 created losses of resource. The Dunn's Road fire of 2020 devastated huge areas of softwood plantation. If these large fires become more common then it will probably be the insurance companies which will determine where plantation forestry occurs. Fire insurance may become prohibitively expensive in some areas.

Full economic recovery from fire affected plantations takes until harvest at 25 – 30 years. Fire recovery on grazing land is started as soon as there is a decent rainfall event after the fire and within 12 months production can be back near pre-fire levels. This is an important consideration at the community level where local towns will be less affected by fires on grazing land than in softwood plantations.

The Dunn's Road fire started and travelled rapidly through an adjacent private softwood plantation. As the captain of the Oberne Creek Rural Fire Service Brigade, I witnessed extremely closely how that fire started and progressed. If that plantation had better maintained perimeter firebreaks and the blackberries within it were controlled, it is unlikely that the Dunns Road fire would have escaped on the third day and burned out several hundred thousand hectares. The reason fire access and containment lines are not fully maintained and blackberries not controlled is because the softwood plantations are inherently low profit and any additional costs make them more unprofitable.

The old Forestry Corporation was very well equipped for firefighting; however, this has changed in the last 10 years. Private plantations have only the bare minimum of firefighting equipment and personnel is very limited.

### **Blackberries**

Blackberries are classified as a noxious weed and cause significant reductions in production of all agricultural industries where they exist. Blackberries cause reductions in growth in softwood plantations; however, they are not controlled in most plantations. These blackberry infestations significantly increase the fire risk in softwood plantations and also enable a seed source to spread blackberries to adjoining landholders. Many neighbours of softwood plantations consider the owners/managers of plantations to be poor neighbours, because they do nothing to control this noxious weed.

### **Biodiversity**

Blackberries are about the only other plant species which co-exists with softwood plantations. Bird and animal species are also severely limited in the softwood monocultures.

Every other imaginable land use as an alternative to softwood plantations would create much greater biodiversity.

### **What should the NSW state government be doing in the softwood plantation industry?**

Be very mindful that when governments intervene in industries and distort market forces, the usual result is a disaster (anticipated or unanticipated).

If the NSW state government wanted to do something in the softwood plantation / land ownership space then the most prudent option would be to sell some of their existing burnt-out plantation land to the highest bidder. This would allow the land use to change from the current low profit plantation industry to higher profit industries, which would benefit the local communities and the economy of NSW.

Should you like further information I would be happy to appear in person at the enquiry.

Kind Regards

Grant Burbidge

Burbidge Farms