**REPORT ON PROCEEDINGS BEFORE**

# PORTFOLIO COMMITTEE NO. 4 - INDUSTRY

## LONG TERM SUSTAINABILITY AND FUTURE OF THE TIMBER AND FOREST PRODUCTS INDUSTRY

**CORRECTED**

**Virtual hearing via videoconference on Tuesday 28 September 2021**

**The Committee met at 9:28.**

**PRESENT**

The Hon. Mark Banasiak (Chair)

The Hon. Sam Farraway
Mr Justin Field
The Hon. Taylor Martin
The Hon. Peter Poulos
The Hon. Peter Primrose
The Hon. Mick Veitch (Deputy Chair)

**The CHAIR:** Welcome to today's hearing in the inquiry into the long-term sustainability and future of the timber and forest products industry. Before I commence I would like to acknowledge the Gadigal people, who are the traditional custodians of the land on which Parliament sits. I also acknowledge the traditional custodians of the various lands from which my colleagues are joining us today, as well as all people participating in today's hearing. I would like to pay my respects to Elders past, present and emerging and extend that respect to all Aboriginal people who may be present today.

Today's hearing is the Committee's first and is being conducted as a fully virtual hearing. This enables the work of the Committee to continue during the COVID-19 pandemic without compromising the health and safety of members, witnesses and staff. As we break new ground with the technology, I ask for everyone's patience through any technical difficulties we may encounter today. If participants lose their internet connection and are disconnected from the virtual hearing, they are asked to rejoin the hearing by using the same link as provided by the Committee secretariat. Today we will be hearing from organisations representing the timber industry and various environmental groups. Before we commence I would like to make some brief comments about the procedures for today's hearing. While parliamentary privilege applies to witnesses giving evidence today, it does not apply to what witnesses say outside of their evidence at the virtual hearing. I, therefore, urge witnesses to be careful about comments you may make to the media or to others after you complete your evidence.

Committee hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. In that regard, it is important that witnesses focus on the issues raised by the inquiry's terms of reference and avoid naming individuals unnecessarily. All witnesses have a right to procedural fairness according to the procedural fairness resolution adopted by the House in 2018. There may be some questions that a witness could only answer if they had more time or with certain documents to hand. In these circumstances witnesses are advised that they can take a question on notice and provide an answer within 21 days. Today's proceedings are being streamed live, and a transcript will be placed on the Committee's website once it becomes available.

Finally, a few notes on virtual hearing etiquette to minimise disruptions and assist our Hansard reporters. Can I ask Committee members to clearly identify who questions are directed to, and can I ask everybody to please state their name when they begin speaking. Could everyone please mute their microphones when they are not speaking, and please remember to turn your microphones back on when you are getting ready to speak. If you start speaking while muted, please start your question or answer again so it can be recorded in the transcript. Members and witnesses should avoid speaking over each other, so we can all be heard clearly. I remind members and witnesses to speak directly into the microphone and avoid making comments when your head is turned away.

**MAREE McCASKILL**, Chief Executive Officer, Timber NSW, affirmed and examined

**STUART COPPOCK**, Legal, Timber NSW, sworn and examined

**STEVEN DOBBYNS**, Vice President, Timber NSW, affirmed and examined

**SUE GRAU**, Chief Executive Officer, Australian Forestry Products Association NSW, affirmed and examined

**The CHAIR:** We now welcome our first witnesses. Would either of you like to make a short opening statement, starting with Timber NSW and then with the Australian Forestry Products Association [AFPA]?

**Ms McCASKILL:** Sue, did you want to start first or are you happy for me to go first?

**Ms GRAU:** I am happy for you to go first.

**Ms McCASKILL:** Timber NSW has been in existence since 1906 in its previous entities, starting out as the Country Sawmillers Association. It currently represents over 50 companies, plus about 15 or 20 landholders and consultants who are working in the forest industries. It covers an enormous range of forestry operatives in New South Wales, and different forest types. It is there to promote sustainable forest management and sustainable forest products and the processing. It currently, as an industry, adds about $2.4 billion in value-adding to New South Wales and its export contribution is about $219.5 million. As a regional employer, largely it represents about 22,000 people. It is a very important industry. It is key to a supply chain that you now are seeing squeezed in the construction industry. The industry itself believes that we are sustainable. We can supply really good quality, sustainable products and where possible, for good environmental reasons, the supply chain should source its products from Australia. I think that probably says enough for Timber NSW, because we have got a long and comprehensive submission.

**The CHAIR:** Ms Grau, do you have a short opening statement as well?

**Ms GRAU:** Thank you, Chair. This parliamentary inquiry is welcomed by Australian Forestry Products Association NSW. We are the new peak industry body looking after the entire supply chain, from seed to trees to the products that we all love and use in New South Wales every day. This includes timber for house frames, as well as decking and doors, and also wood fibre products like cardboard and packaging. An assessment of sustainability needs to move beyond the long and divisive history to recognise a few things: the long and complex supply chain driven by a growing demand for our products, which Ms McCaskill touched on a little bit; the distinct contribution of our softwood and hardwood sectors; the services the entire industry provides, including bushfire management and delivering essential products—this was especially relevant during COVID; for example, all those vaccinations that are going around the country and the State are in cardboard boxes manufactured by our industry—and, lastly, the environmental benefits that our industry brings, and that includes fighting climate change.

It is really important to emphasise that our industry and environmental benefits are not mutually exclusive. Just very quickly, our top two recommendations for this inquiry are the need to build sovereign capability through expansion of plantations and farm forestry, as well as maintaining regrowth native forestry. Just a very quick stat: There is a soon to be published AFPA study that indicates that by 2035 there will be a cumulative shortage of about 50,000 house frames just in New South Wales. For some scale, that is equivalent to two lots of Wagga Wagga.

This will require a joint commitment to establish new tree plantings and achieve the one billion trees goal—and we also need some short- to medium-term measures to ease the shortage—and, secondly, in terms of recommendations for the inquiry, an acknowledgement of the industry's role in fighting climate change. I think this is a really great opportunity for a shared vision for New South Wales forests. It also highlights the role of our pulp and paper sector, and it also is an opportunity for the industry to improve the way that we tell our stories and our benefits. To paraphrase, I think we need to look at the future of timber and wood products in the State. And when I say "we", I am thinking industry, government, independent researchers and the broader community that use and love our products. Thank you, Chair.

**The CHAIR:** Thank you. We will throw straight to questions. We will start with the Opposition.

**The Hon. MICK VEITCH:** Thanks, Chair. It is a question for both of you. Thank you for your submissions. Thank you for attending virtually today. I know the Committee appreciates it. There are a number of aspects that I want to explore during this inquiry. The first one is regarding the plantation estate. Do we have sufficient plantation softwood and hardwood in New South Wales to meet supply going forward, say, for 20 to 30 years? Maybe Ms McCaskill could start.

**Ms McCASKILL:** Yes, and then I will throw to Steve Dobbyns and maybe Sue Grau, because Sue largely represents the vast majority of the softwood plantation operators. I have got a couple, but we are much more steeped in hardwood and native hardwood. No, there isn't sufficient. I think, in hardwood terms, what you have got to understand is that you can have hardwood plantations and they can produce quite good product. But the high appearance-grade, real quality product that you see in flooring et cetera comes from the native forestry estate, which produces naturally really good quality timber. Plantation tends not to be at quite the same quality. Depending upon, Mr Veitch, what product you are asking for will depend upon the sort of plantation regime. Definitely for construction, definitely for our frame and truss there is an acute shortage of plantation. And post-fire you have seen roughly 40 per cent of the plantation estate impacted by fire. People forget, you cannot just say we will just switch to plantations. It will take 25 years for softwood and 35 to 40 years for hardwood. Mr Dobbyns might wish to comment.

**Mr DOBBYNS:** The short answer is no. We did not have enough plantation prior to Black Summer. We certainly do not have enough plantation now. That is both softwood and hardwood. There was already a need for softwood expansion in the Tumut/Tumbarumba area. There are plantations, apparently, around New South Wales in softwood, which I am glad to hear last week they are looking to be repositioned rather than go to export to places where they are in greater need. If you think about the statistics of the softwood plantation, for instance, after Black Summer, we had a 40 per cent loss of plantation. If you think that a plantation for softwood through to clear-fall is 35 to 40 years and you have lost 40 per cent of your plantation, there is a fair gap that is emerging.

They have certainly done a fair bit of salvage harvesting over the last 18 months, but that has finished. We already have a shortfall. We are heading towards a huge cliff, and smoothing that out without repositioning logs around the countryside—which will require haulage assistance to do so—is going to be a very difficult situation for some businesses and certainly the communities that those businesses support. That is particularly the case around the Tumut/Tumbarumba area. In the hardwood sector we certainly do not have enough. One of the challenges for the hardwood, or for any plantation industry, is to have markets for the residue products for first thinnings. You need to have a market to get rid of first thinnings to allow the better quality stems to continue on and grow. In New South Wales we do not have, apart from Eden, much of a hardwood residue market.

There is a fair bit of resistance from certain sectors as to increasing biomass production et cetera, which would be a source-feed for plantation thinnings. But, no, we do not have enough hardwood plantations. And as Ms McCaskill touched on, they do not produce the durable high quality furniture-type timbers, stairs, feature beams et cetera that regrowth forests can produce. But on the flip side of that, as we have seen with the Tarkeeth example up around Dorrigo/Bellingen, a plantation can be perceived to be as good as a native forest. The locals in that area, the environmental groups in that area, are objecting to the harvesting of what was plantation on old dairy farms, because they perceive those plantations—hardwood plantations—to be the equivalent of native forests. Does that answer your question?

**The Hon. MICK VEITCH:** Absolutely. My next question, before I throw to my colleague Mr Primrose—I think you may have touched on it, Ms McCaskill, in your opening statement. You talked about supply chain costs. Just some comments, and you may wish to take this on notice: Essentially, I would like to get my head around just what are the supply chain costs for your industry from go to whoa—so the haulage costs and all the input costs to your supply chain.

**Ms McCASKILL:** Thank you, Mr Veitch. I might share this with my two colleagues as well and Ms Grau, if she wishes to make comment. Haulage is an enormous cost. So you would have seen in the newspaper reports in the last week that they are going to send softwood from Walcha, which normally would have gone to export, across to Oberon and some to Tumut/Tumbarumba. The haulage costs for that will be enormous. Unless the Government subsidises those haulage costs—and I don't believe, or my understanding is that they aren't—then that just increases exponentially the cost of the sawn timber. It is an issue for a whole lot of the softwood processing companies at the moment: How are they going to get sufficient supply throughput to keep being able to produce at the production levels they need to? Certainly, how are they going to afford substantial haulage costs if it has to come in from interstate because it cannot be supplied domestically?

For hardwood it is always an issue, because you will get hardwood supplies coming in from the mid North Coast to go down and supply people down in Cessnock. You will get people from Cessnock sometimes getting timber in from the far North Coast. You get far North Coast millers—we are talking about Kyogle/Lismore—getting timber supplied to them from south of the mid North Coast. It is substantial and it is problematic. It has eventuated this way primarily because of the consistent closures and changes to the availability of State forests, and as the State forest estate has got smaller the distances having to be carted have got greater. The sawmilling industry in hardwood was basically historically established around regions. That is why it was done that way, because it eliminated the need to truck and road haul long distance logs. Now what we are seeing

is significantly longer distances and with that, I might [inaudible] despite the best efforts of the industry, you will get the potential for greater road damage and accidents.

**The Hon. MICK VEITCH:** Thank you. Over to Peter.

**The Hon. PETER PRIMROSE:** Thank you to all the witnesses for coming today. My question is directed to all and any of you. It is concerning a quote on page 135 of Timber NSW's submission. It is a quote from Mr Kevin Ezard, Director, Frame Australia Conference and Exhibition. On page 135 he says in the second-last paragraph of the quote:

> My understanding is that large quantities of lower-grade wood currently being exported to China and other Asian countries may be better utilised for manufacturing within Australia.

I was wondering if you might be in a position to comment on that. Mr Dobbyns, I think, has his hand up.

**Mr DOBBYNS:** Mr Primrose, thank you. I guess you have to look back at the history of the establishment of plantations around New South Wales. Post-war there was a desire to establish plantations to be self-sufficient in pine, and the Forestry Commission at the time established trial plantings of plantations along the eastern seaboard and the tablelands. So you have got plantations established from Bombala in the south right up through the Tumut/Tumbarumba area, Oberon up to Walcha in the north and then you get into the northern pine up around Casino. In trying to find the best places the pine would grow, they have established reasonable-sized plantation estates in those areas. Unfortunately, and the case in point would be Walcha, you have a plantation estate of around 30,000 hectares but you do not have—which is not big enough to support an international world-class size industry.

So you have a plantation there which is growing ahead, probably at the end of its rotation, but without a substantial industry there. McVicars from New Zealand tried to established a mill there at Quirindi; that failed. It is still up for sale. Those logs, under Forestry Corporation's management, have been making their way through Newcastle to export. The same thing in Bombala—the haulage and supply chain costs of taking it from Bombala to Tumut/Tumbarumba or to Bathurst, where industry is already established, is too high. The opportunity for Forestry Corporation to manage those plantations, both the thinnings and also the subsequent clear-fall for re-establishment, was to send those logs that did not fit the existing industry down around Bombala—I forget what the name of the Korean company is, Dongwon or something.

All the softwood mills are very much like sausage factories; they can only take a certain size log. Anything too big and they cannot go through the mill because the log never comes backwards. It always only keeps on going one way—the same thing for the logs that are too small. If you do not have a fully integrated business or a fully integrated industry in the area that can take all sizes of logs, the logs that do not meet the size prescriptions for the mill or the mills in that area—the only natural place for them to go is either down a chipper or to export. And there is much better money sending it to export. You do have these estates of plantations, particularly softwood, around New South Wales where there isn't sufficient or big enough industry to absorb it, and the only logical place for it to go is to go to export.

**The Hon. PETER PRIMROSE:** So is Mr Ezard correct or not correct when he says that it would be better utilised for manufacturing within Australia?

**Mr DOBBYNS:** You are going to run into the same issue of size. There is only some of those logs of a particular size that are going to be able to fit through the mills that he is talking and referring to. We will see some of those logs, for instance from Walcha, as Ms McCaskill said, going to Tumut and to Bathurst. They will only be taking the logs there that fit the size dimensions required by those industries. Anything else would need to be repositioned to another mill that takes logs of those dimensions.

**The Hon. PETER PRIMROSE:** Is there a sufficient quantity involved that this is a matter that this Committee should be looking at more closely?

**Mr DOBBYNS:** I think the issue is that you have a wall or a cliff. The industry in Tumut/Tumbarumba and as a result of backfilling out of Bathurst and Oberon—there is a shortage of pine, full stop. There is an imminent cliff emerging after the salvage harvesting material has been utilised. And this Committee should be looking at not only establishing and expanding plantation estate in softwood and hardwood but it also should be looking at how can we help those communities, those businesses that those communities rely on, to survive the 20-odd years that they are facing with a shortfall of timber. Ms Grau is probably someone that should have a say on this one too.

**Mr COPPOCK:** Could I just make a comment? The question we had previously about supply chain costs, Mr Primrose, sits squarely in your question. It is a very complex issue. Mr Dobbyns has touched upon the capacity of mills to deal with timber. That has got to do with investment. If you are going to change that, it is big

investments, so you have to have the right environment to try and achieve that outcome. There is huge problems in that, which we can explore later if you wish to. Ms McCaskill has touched upon the haulage costs, which in trying to deal with this timber to deal with the problem in Australia and New South Wales with softwood, is also a consideration. Then, on the supply chain, you have the other end where Steve talks about there is a cliff. The cost of importing timber to fix that hole up in construction—for quite a number of decades now—that is what you have to sit down and work out on an economic basis as to whether to invest and what you have to do. It is quite complex. To answer your question, that statement is correct if you believe in Australian manufacturing.

**The Hon. PETER PRIMROSE:** Thank you. That is my question. I think my time is just about up, anyway.

**The CHAIR:** It is, Mr Primrose. I will throw to Mr Field.

**Ms GRAU:** Excuse me, Chair.

**The CHAIR:** Yes, Ms Grau?

**Ms GRAU:** I did not get a chance to address those first few questions from Mr Veitch. I would echo a lot of what the other speakers have said. In the interest of time I would like to take that question on notice, because there is some upcoming information. There is a briefing note, for example, about the timber shortage and, as I alluded to before, a study being released tomorrow. I would like to take that question on notice so I can provide that information to the inquiry. Thank you.

**The CHAIR:** Thank you, Ms Grau. That would be great.

**Ms GRAU:** Just to clarify, I take both of those questions on notice in the interest of time, as well as Mr Primrose's.

**The CHAIR:** Yes, sure. I will throw to Mr Field now.

**Mr JUSTIN FIELD:** Thank you, everyone, for your attendance today. This is one to start with that both organisations might like to take on notice. In your submissions there are different numbers in terms of jobs identified, economic value of the industry and the volume of timber. For example, in one submission 22,000 jobs are identified and in another 21,000. The economic value difference is more stark: $2.4 billion versus $7 billion. And there is even a difference presented in the volume of sawlogs: 5.6 million versus 4.1 million. Could you take on notice, perhaps, in the interest of time, maybe collaborating or coming back to us with some clarity around where the numbers have come from, what is the source of those numbers and exactly what they are referring to? In particular, can you break down direct and indirect jobs and economic value, and also provide a breakdown between softwood and hardwood? I am trying to get some certainty around the numbers. I think it is something that is important for the inquiry to establish. Thank you. This might be for the AFPA in the first instance: What is the percentage of softwood versus hardwood that goes into an average new house build?

**Ms GRAU:** Thanks, Mr Field. I am going to have to take that on notice. I have only been in this position for a couple of months. But it is something that we are working on. As I said, we have done a study on the upcoming softwood supply cliff and part of that is looking at an average house. For example, those numbers that I am talking about house frames—there is an equation behind that. We are looking at getting a similar equation for hardwood. It is a little bit trickier in the hardwood space. But an indication of how many trees it takes to build a house frame, how many hardwood trees you need to include all those components of a house—it is something that we are looking at. I am happy to take that on notice.

**Mr JUSTIN FIELD:** That would be great. This is probably for either organisation. It would be really handy—and there is some mention in the submissions, but a lot of it is national-level statistics coming from the Australian Bureau of Agricultural and Resource Economics and Sciences—if there is a way of getting a New South Wales breakdown on what channel, both in the hardwood and softwood sectors, the various products are. What percentage of the hardwood sector is going to poles and piles, decking and flooring, other presentation timbers, furniture, pulp uses or other fibre uses? And a similar breakdown available in softwood, though I know it is probably a bit clearer where that is going, would be really useful for us to understand. I have a direct question to Ms McCaskill: You mentioned before in the discussion about plantations the limitations of plantations for those really high-quality timbers—that they tend to grow better in a native forest setting. Do you know offhand what percentage of the hardwood sector goes to those high-quality presentation timbers?

**Ms McCASKILL:** I will share this also with Steve Dobbins. A fair proportion of the high-end—it depends on what you classify as high-end. If you are talking about high-quality timber flooring—you know, spotted gum flooring, blackbutt flooring et cetera—then a fair proportion of the native timber that comes from those species goes into that. You get a slightly lower quality, depending again on the customer, for decking. But you get some customers that want very high-quality decking timbers as well. But cabinetry and appearance-grade

things—certainly there is quite a high level of demand for that. At the moment we cannot supply enough for the demand that exists.

**Mr JUSTIN FIELD:** I have very limited time, so most of that is on notice and I appreciate that. Moving on to where your timber is coming from, Ms McCaskill, what percentage of your members' timbers are being supplied currently from the private native forestry [PNF] sector?

**Ms McCASKILL:** I think roughly about a third, or maybe less than a third, of volume would be coming from private native forestry. Private native forestry has quite significant limitations. Steve Dobbyns works almost exclusively in private native forestry, so I might ask him to make a comment.

**Mr DOBBYNS:** All my customers, Mr Field, come from private. But there was some work done by the Department of Primary Industries [DPI] a couple of years ago—DPI Forestry—about the private native estate and what proportion of volume came from that. So we will take it on notice and we will forward the Committee the reports from DPIE, which actually give an indication as to what sort of volumes were coming off private property. Because it is such a fragmented side of the industry, it has been very difficult to quantify. There was a time when the Forestry Commission collected statistics from private property, and mills had to complete returns to have a mill licence. But those days are long gone, probably two decades ago. So the statistics for the current day aren't being collected by anyone, and certainly no government agency has been doing it.

**Mr JUSTIN FIELD:** I do note that we did just get slightly different answers there. I think Ms McCaskill mentioned maybe a third and you said all your customers. Maybe we can clarify exactly what you mean there, on notice? That would be useful, and also whether or not that has increased since the fires—whether there has been more reliance on PNF. I will just foreshadow another supplementary that I will put in writing: I am interested as to whether or not DPI is actually facilitating the relationship between private forestry and the mills.

**The CHAIR:** That is your time now expired, Mr Field. I have just got a few questions and I think they may be to you, Mr Coppock, about the wood supply agreements. Feel free to pass them on to others if you need to. To pick up on your submission regarding wood supply agreements, do the wood supply agreements owned and operated by Boral contain any preference clauses that are not found in other wood supply agreements with native forest timbers sawmillers?

**Mr COPPOCK:** Yes, they do.

**The CHAIR:** Can you elaborate on what some of those preferences are?

**Mr COPPOCK:** Yes, they were done in two parts. One was done under Bob Carr as Premier, originally, and there was a slight preference given to Boral. But the big issue was done by the current Government where Boral, through one of their wood supply contracts, will take 80 per cent of the cut of blackbutt off the North Coast. In that particular clause there is a floor under blackbutt and a couple of other species, so that when it gets down to a certain level of cut—that is total harvest—if it goes below that, they take all of the blackbutt. So on certain species, i.e. the premier species that go into the top-quality floorboards, they have a floor under their quantity specified in the contract, which acts to the detriment of the rest of the industry. In the last lot of amendments they actually have a ceiling on the poor-quality timbers.

What is generally regarded as poor-quality timber comes off the New England tablelands. So no-one really wants that because there has traditionally been no market for it at the top end of the market. So Boral had a ceiling put on how much they would take of that. So when we, being Timber NSW, eventually found out about these clauses, we managed to get data for our members. We sat down and did two lots of serious analysis of the data. And it is clear no business is the same amongst our members in what timber they take, even though they all operate under the same wood supply agreement. But you can see the impact of what was traditionally known as "run of the bush" being destroyed by these preference clauses.

It is possible on modelling—I understand the problems in modelling—on current timber supply and if there are continued natural disasters that we will get the point where the floor will operate. So no other businesses will get blackbutt. Some businesses currently are not getting spotted gum because, I think, of these measures. We have not seen Boral's data because we are not entitled to see it. But you can extrapolate out what we have done, despite the impact of the change of the methodology of supplying timber out of the bush through this contract mechanism. It is quite serious. I personally think, looking at the data, that it goes back even to field management of the resource itself, because "run of the bush" is an environmental measure. If you destroy it you start having other things happening.

**The CHAIR:** Would it be fair to say, from your comments, that these preference clauses have given Boral a competitive edge?

**Mr COPPOCK:** No doubt. In fact, I think I can say that I had in the course of my research—not that people would come forward and sign an affidavit—that the market was saying that Boral was going to be the only supplier. That was being said to people in the marketplace: Only go to Boral; they are the ones with the timber supply.

**Mr DOBBYNS:** The other front is that Boral also control log distribution on the North Coast through Northaul, which is a company that basically brought together three major haulage companies on the North Coast. Boral's staff sit at the top of that and manage Northaul. They have got on one hand the preference deal, which gives them preference of all the good species and limits the amount of the poorer quality species, and they also control the distribution.

**The CHAIR:** Thank you. I only have two minutes left, so I foreshadow that some of these will come as supplementary. In 2018 the Government announced $7.2 million in the budget to DPI for cross-tenure forest monitoring. It was allocated to DPI Forest Science, who did a trial. Does Timber NSW or the AFPA have any commentary on that program and its outcomes? Maybe we can start with you, Ms McCaskill or Mr Dobbyns.

**Ms McCASKILL:** I might flick this one to Mr Dobbyns. He has been monitoring this fairly carefully.

**Mr DOBBYNS:** When the $7.2 million was announced under the Forestry Industry Roadmap, we were told it was going to be put to the side and not touched as part of integrated forest operation approval [IFOA] monitoring. At the same time, or soon after the Forestry Industry Roadmap was released, the Coastal Integrated Forest Operation Approval was finalised and negotiated between Forestry Corporation and the Environment Protection Authority [EPA]. Under that Coastal IFOA there are normal monitoring conditions. Those monitoring conditions, you could argue, are business-as-usual requirements of the IFOA. But since the road map announcement of the $7.2 million the control of the project, which was DPI Forestry's to run, was usurped by the Natural Resources Commission [NRC], with the assistance of the Office of Environment and Heritage and the EPA. And basically the focus of the cross-tenure monitoring was not cross-tenure; it became looking at just what was happening in the Coastal IFOA area—so just what was happening in the State forest.

The issue with the cross-tenure monitoring is we have this presumption that we can put things into a national park, lock the gate, throw away the key and it will be right. But no-one really knows. No-one really knows where that investment that we make—most recently the national parks estate requires $850 million or $121 a hectare to manage, with the seven million hectares that they manage. State forest costs $9 a hectare to manage of government or State coffers contribution through community service obligations. So making sure that we know that we are spending the money wisely by knowing what is going on in the national park estate, in comparison to what is going on in the other forests of the State and the State forest, seems to be a fairly good starting point to monitor and to actively and adaptively manage what you have. Are we making the right investment?

The cross-tenure monitoring program was essential, we believe, to, firstly, look at what was going on in the national park estate in comparison to the decisions we were making on the public State forest estate. At this stage the money has been diverted into business-as-usual projects. And here we are several years later and we have seen no reports, no outputs from the cross-tenure monitoring and all they have been looking at is what is happening on the State forest, not what is happening on the national park.

**The CHAIR:** My time has expired. I just want to quickly throw to Ms Grau, if she has any comments on that. If she wants to take the majority of it on notice, I totally understand. Six minutes is not really enough time.

**Ms GRAU:** Thanks, Chair. Yes, I will take it on notice. I just wanted to emphasise a few things in broader terms. I think there are different multi-use forests that basically offer a whole range of services in addition to national parks. I think, going back to some of those points I made previously, environmental benefits like biodiversity are really important, but there is also quite a difference between the use of national parks and State forests. So recreation is a very clear example. There is a number of recreational activities and visitors to State forests that they can do in State forests that they cannot do in national parks. I think there is a lot more of a complementary approach. As I said in the very beginning, I think we need to work in a unified way to better understand and promote the benefits of those multi-use forests. I think that is something the industry can get better at.

**The CHAIR:** I will throw to Mr Farraway.

**The Hon. SAM FARRAWAY:** Thank you, Mr Chair. Thank you, everyone, for attending today. It is quite an interesting topic. I want to direct my first question to Ms Grau. I want to actually follow on from the questioning by Mick Veitch. Giving you the opportunity, rather than take it on notice, I actually want to hear what your answer is, even if it is only brief and you want to take more of the answer on notice. Could you expand on Mr Veitch's questioning about the supply chain? And I also want, if possible at the same time, the softwood

industry's point of view around the additional 270,000 tonnes of timber that would be entering the domestic supply chain from that announcement from the Deputy Premier on 17 September. What does it mean in this instance to the softwood timber industry?

**Ms GRAU:** Thanks, Mr Farraway. It is probably worth repeating that, as I said, there is a study coming out tomorrow that indicates the cumulative shortage of 50,000 house frames. That is a quick example or demonstration that there is definitely a timber shortage. Sorry, there was a number of aspects to that question. In terms of a quick comment on the discussion happening around freight and freight subsidies and haulage, a lot of those issues have been completely exacerbated by the fires. Normally there would not be as much transport required from one end of the State to the other, but obviously the Black Summer bushfires have exacerbated that issue.

Sorry, I have forgotten what else you asked. In relation to the movement from Walcha down to the south-west slopes, I really encourage the inquiry to have a look at the Softwoods Working Group paper as well. Even though they are based in the south-west, they give a very good overall picture of the softwood industry and some of the benefits that decision has made. They also point out a number of issues that are relevant to the entire State including, as we have in our submission, some statistics around the growth and the plantation that is needed to better support that supply and demand issue.

**The Hon. SAM FARRAWAY:** Just following on, Ms Grau, obviously you have got the transport and haulage costs that, like in any supply and demand situation, are going to be exacerbated. I understand that. In terms of the 270,000 tonnes, because of the Chinese embargo and what has happened there redirecting that 270,000 tonnes—I think it is over the next three years—back into the domestic market, how much of a difference will that make, I suppose, over the next few years to the industry?

**Ms GRAU:** We put out a media release on behalf of the industry welcoming that decision. It is important to emphasise that we are strongly supportive of any timber that is redirected into the domestic market. I do not remember the figure, but I can take that on notice. We did do a quick calculation of how many house frames that was roughly equivalent to. I am happy to provide that on notice. It still leaves those operators in the south-west short, compared to what they were expecting pre the bushfires. But it certainly boosted supply into that region and once again boosted supply into the housing and construction market in New South Wales.

**The Hon. SAM FARRAWAY:** Moving on to a question for either organisation, obviously part of this inquiry is we are looking at a lot of the external influences that factor on the industry as a whole, and drought, fire, water and natural disasters are clearly one huge element to that. But there are lots of other influences. We talk about different governments and their regulatory structures. I suppose I am just interested, from a Federal point of view, what would be the top one or two Federal regulatory structures or inhibitors or roadblocks that you are finding at the moment for your industry? I will probably throw it to Ms McCaskill, if you wanted to kick that one off.

**Ms McCASKILL:** Certainly. I think the Environment Protection and Biodiversity Conservation Act needs to have some fairly quick work done to it, because it is going to be exacerbated by opportunities to continually challenge the Regional Forest Agreement [RFA] status in each State. I think that is essential for the Commonwealth Government to address. One of the other issues that is often under the radar is, in fact, the national heavy vehicle regulations, because quite frequently what you see in a State like New South Wales is you have transport haulage companies having to do 200-, 300- or 400-kilometre diversions because local government will not allow certain weights across roads.

So you have a real issue in road weights and haulage across the State depending upon who is managing the roads. Similarly with bridges—right now you have some councils that have lowered the bridge weights, which means that a B-double cannot go across it or sometimes a normal log truck cannot go across it. And so you are adding to the costs by having to divert a whole lot of trucking. So we would probably like to see—and the North East NSW Forestry Hub has currently got the CSIRO engaged in a project to look at exactly that: What are the inhibitions and roadblocks to actually streamlining the management of roads and haulage, both from a safety point of view and from an economic point of view?

**The Hon. SAM FARRAWAY:** Ms Grau, did you have anything to add to that, from your organisation's point of view?

**Ms GRAU:** Thank you, Mr Farraway. I would just like to add, in addition to the RFA issue that Ms McCaskill has added, our two top and probably very topical points in terms of pressure on the Australian Government or influencing their policies would be what I referred to before: the one billion trees plan; and, secondly, what is commonly known as the water rule, which relates to the Carbon Farming Initiative and emissions from plantations and farms. It has been relaxed in two of the four New South Wales hubs. My understanding is

that it does not include replanting following bushfires. So I think there is some work that needs to be done to remove some of those barriers.

**The Hon. SAM FARRAWAY:** I have a question for Mr Dobbyns. It is around private native forestry. Correct me if I am wrong, because I am certainly not an expert on the forestry industry. My understanding is private native forestry mostly takes place up the coast, obviously, and in and around the mid North Coast is quite a dominant area for private native forestry. In a lot of instances when I have spoken to people that have private native forestry rights on their property, for a lot of them it was their superannuation as well. Is that correct, in terms of their investment and the ability to have private native forestry on their lot or on their land?

**Mr DOBBYNS:** The opportunity for private native forestry exists across the State, anywhere where the Local Land Services Act applies. So there are opportunities on the South Coast and out west, just as there are on the North Coast. But certainly private native forestry, and those which operate within that arena, is much more dominant on the North Coast. It has certainly been a greater requirement, if you like, on the North Coast, particularly in that the North Coast has historically had a fairly diverse and established timber industry—sawmilling industry in particular. As a result of the regional forest agreements and the transfer of a significant proportion of the public estate into conservation reserves, that industry has found itself looking more actively at private native forestry.

Certainly private native forestry tends to fit into two types of landowner. One is your traditional farmer/grazier and when beef cattle prices are down—which they are not at the moment—they tend to look at their trees and say, "Well, I might be able to get a cut out of my trees." And they try to turn that over every 10 to 15 years and basically get an operation going every 10 to 15 years, generally around what the market is doing for their other diversified agribusiness. The other sector are those which are basically moving out of the cities and trying to get a rural lifestyle. And they are ones that probably need a lot more attention in regards to education about private native forestry and the opportunities and how forestry should be done properly to have a sustainable resource going forward. Yes, they do look at their timber as a valuable asset. But that second type of landowner, the one that has freshly purchased a property, tend to be looking to try and pay off the mortgage that they have just acquired sooner rather than later. They are the ones that potentially might want to step into private native forestry before the 10- to 15-year cycle is up. Does that answer the question?

**The Hon. SAM FARRAWAY:** Yes, it does, thank you. Because my time is running out, I have just got a couple of more questions. Firstly, we have seen in Western Australia and Victoria the State governments have a pretty hard stance on the hardwood timber industry, or the future of it. I just wanted to see if you wanted to expand on what is being done in different jurisdictions about the sustainability and what those governments are doing to the hardwood timber industry in those States?

**Mr DOBBYNS:** Ms McCaskill, do you want to lead off or do you want me to have a crack?

**Ms McCASKILL:** I will lead off broadly. Certainly the Andrews Government in Victoria has foreshadowed that by 2030 the native forest industry will be closed and they will start having a progressive closure from 2025, as I understand. Then there was the shock decision in the last couple of weeks of the Western Australian Government. After they had invested a lot of time and energy with the industry in working out a plan for the future of native forestry, they suddenly determined that there would be a complete shutdown and it would be almost immediate. The industry in those two States is reeling. The blowback from that that people do not quite understand is that that will mean there will be greater reliance on importing hardwood timber from other countries. And the logical places will be places like Malaysia and Indonesia and what have you, that often do not have the environmental credentials or certification processes anywhere near that match what would have been going on in Western Australia and in Victoria.

**Mr DOBBYNS:** We should be proud of the sustainable timber industries that we have. They are world-class, they are world leading, they are a credit to international standards of sustainability through the Forest Stewardship Council or the Programme for the Endorsement of Forest Certification. We should be proud of them. In a generation where we are looking at climate change and solutions, growing trees and storing embedded carbon within products should be something we are holding up as a torchlight for everyone to follow. What we should not be doing is shutting down our native forests, in my view, and basically letting them grow to a single-aged old age state, which benefits some species but not all. A sustainable managed native forest where you have a mosaic of age classes and structures benefits the greatest majority of species than a single-age class old-growth forest or wilderness, which is suggested as the pinnacle.

There is no climax forest in Australia. Man has been managing the ecology in Australia for 60,000-plus years with the firestick. If we do not realise that, we are going to have more 2019-20 fires. We are going to have extinctions, which we have already seen in western New South Wales, from lack of fire. And we will see similar things in Victoria, Queensland and Western Australia, where decisions are being made that are opposed to the

science. Follow the science. The science suggests that sustainable, managed native forest is best for the environment, the best for carbon storage and the best solution for climate change.

**Mr COPPOCK:** If I might add, when you talk about science you need to be very careful where the science is coming from. A lot of the work comes out of Canada and Europe and it is not Australia-based. So when you start seeing reports saying that forestry needs to be stopped to protect the bush, you need to scratch down and find out what the modelling is and where the assumptions come from, because most of the stuff or all of the stuff that you read in the press actually is based upon other models, not the Australian bush.

Very few of these people, if any, have got off their desk and gone out to the bush to see what Steve has just said about the need to have a mosaic-based forest structure across national parks and State forests because national parks actually determine the health, to a large extent, of State forests. It is all one forest and we do not have an all-one-forest policy. We do at the Federal level but the New South Wales Government, through its bureaucrats, decides not to follow it. Offline I can take you to the reports that clearly show that the structure was put in place under John Howard a long time ago through the RFA agreements, and what is in the legislation at the Federal level simply does not happen at the State level. So it is not just New South Wales. The state of the forest reports, frankly, are just a wad of wasted paper. That is another discussion. The issue about the Australian bush is that they are unique and you need to be very careful about what science you are looking at and not other issues and agendas which are running.

**The Hon. SAM FARRAWAY:** I think my time has expired, Chair.

**The CHAIR:** It has. Ms Grau, did you want to say something quickly?

**Ms GRAU:** Thank you, Chair. I would like to take that question on notice as well. We are doing quite a lot of work on carbon sequestration but, generally, I would agree that without native regrowth forestry you need to have a look at the consequences and some of those consequences are missed opportunities in terms of fighting climate change.

**The CHAIR:** Thank you. Unfortunately, that concludes our time today. We probably could have had another hour and still not scratched the surface. I foreshadow that there will probably be a stack of supplementary questions coming from the Committee. You have taken some questions on notice, so the secretariat will be in touch with that list and you will have 21 days to respond. Once again, thank you for attending virtually today and providing some great insight.

**(The witnesses withdrew.)**

**(Short adjournment)**

**CHRIS GAMBIAN**, Chief Executive, Nature Conservation Council of NSW, sworn and examined

**BRAD SMITH**, Campaigns Director, Nature Conservation Council of NSW, affirmed and examined

**RACHEL WALMSLEY**, Head of Policy & Law Reform, Environmental Defenders Office, affirmed and examined

**CERIN LOANE**, Senior Solicitor, Environmental Defenders Office, affirmed and examined

**The CHAIR:** Welcome back to session two of today's hearing into the long-term sustainability and future of the timber and forest products industry. We now have witnesses from the Nature Conservation Council of NSW and the Environmental Defenders Office. Starting with the Nature Conservation Council, did either of you want to make a short opening statement?

**Mr GAMBIAN:** Yes, thanks, Chair, I will. Thank you to the Committee for the opportunity to say a few words this morning. I first acknowledge that I am coming to you today from the land of the Bidjigal people in the south of Sydney on the northern banks of the Georges River. I pay my respects to ancestors and elders. Two years and two weeks ago I travelled to the headwaters of the Kalang River just west of Coffs Harbour. It is an extraordinary country that is home to some of the best flora and fauna New South Wales has to offer. It is koala country; I saw scratch marks and found scats myself. The Kalang River is home to the endangered snapping turtle. Logging compartments had been identified in the Kalang forest and logging operations had already started to cause considerable damage to the forest and to the river. A week later, the first of what would become the worst fires in recorded history broke out not too far down the road from where I had been.

Fires of that summer of 2019 will live in the memories of all of us here for the rest of our lives, no doubt about that. They changed everything. You do not need to be a greenie to understand that when over five million hectares of forest in New South Wales is burned and when an estimated three billion animals perish that the balance of ecosystems has changed fundamentally. What was true before the fires is simply not true now. You do not need to be a greenie to accept the pragmatic economic reality that native forest logging does not stack up financially and that more money can be delivered to the people of New South Wales by keeping trees in the ground. We can have a bigger, more viable and much more sustainable timber industry in New South Wales with the right policy framework and any such policy framework must see us transition away from native forest logging as soon as possible. Both Victoria and Western Australia have set such a course in recent times. With good transition packages that ensure that no-one is left behind, they have started the much-needed process of protecting what is left of the Australian bush and the species that depend on it. There are few better gifts we can leave the next generation of Australians.

Most of the work in the timber industry in New South Wales is in the softwood plantation sector. These plantations should continue to be the way in which we harvest timber and the plantation estate should be expanded to ensure that we can meet our long-term hardwood timber needs. The conservation movement in New South Wales has no interest in exporting a conservation problem to other States or to the forests of other countries. We want to work constructively in New South Wales to ensure that our irreplaceable biodiversity can thrive whilst a well-designed and managed plantation sector delivers good quality timber as well as good, well-paid, safe and secure jobs for regional New South Wales. Early in 2020 with the bush still smouldering, Forestry Corporation of NSW set about to recommence logging operations across the State. Nothing could have been more reckless for the animals and other species that depend on those forests, species on which we in turn depend. You only need to look at the mouse plague in western New South Wales to see what happens when habitat is destroyed and the balance of ecosystems is lost. Everything in nature plays a role as part of an intricate system that serves us all.

Forestry Corp have not been responsible stewards of our native bushland. They have been prosecuted multiple times for causing irreparable damage to the bush that is in their care but which belongs to all of the people of New South Wales. The future of the timber industry should belong to those who are able to respect the ecosystems in which they work. In recent weeks there have been some wild proposals to create new biofuel industries that would see forest burnt for energy. Builders forest waste—their claim is that this industry somehow represents a step forward for environmental management. It does not. In an era when we face a climate emergency and we have an urgent need to reduce carbon emissions entering the atmosphere, nothing could be more foolish. Helping the bush to load onto a ship to Japan is not the best use of our precious landscape. This is not a time for crackpot schemes to enrich a tiny minority of industry players. This is a time for sensible, thoughtful policymaking that serves not just our immediate interests but the public interest for generations to come. Thanks very much.

**The CHAIR:** Thank you. Someone from the Environmental Defenders Office, Ms Loane or Ms Walmsley?

**Ms LOANE:** Yes, we would like to make an opening statement. For those of you who do not know us, Environmental Defenders Office [EDO] is a community legal centre specialising in public interest environmental law. We have a long history of providing legal advice in forestry issues and advocating for law reform to ensure that laws protect the environment and that the community can properly participate in environmental decision-making, oversight and enforcement. We welcome this inquiry into the long-term sustainability of the timber and forest products industry. The inquiry is particularly important in the context of post-bushfire recovery and provides a critical opportunity to consider the future of the industry in the context of a dramatically changed landscape. We hope the inquiry can examine whether the legal framework regulating forestry operations is delivering its intended outcomes, including achieving ecologically sustainable forest management, considering the impacts of the devastating 2019-20 bushfire season and exploring future opportunities for the management of the native forest estate and its use by the timber and forest products industry.

As noted in our submission, our contribution is focused on the regulation of forestry operations being undertaken in native forests. We acknowledge that some issues, such as the value chain and supply chain and projections for softwood and hardwood supply and demand, are better addressed by other stakeholders. I think you have heard from some of those already this morning. To that end, our submission to this inquiry focused on three key issues: the environmental impacts of and challenges facing the industry; limitations and weaknesses of the current regulatory regime, including following the bushfires; and future opportunities for the industry. Despite some recent improvements in relation to monitoring, compliance and enforcement, we have ongoing concerns about the impacts of the industry on native forests and the failures of the regulatory framework. Our concerns are set out in more detail in our submission. For that reason I will not expand on them now other than to say that, from a legal perspective, the failings of the current regulatory regime mean that the overarching goal of ecological sustainable forest management [ESFM] is not being achieved and is unlikely to be achievable under the current framework.

Those concerns have only been heightened following the bushfires. For example, we are particularly concerned that even despite some site-specific operating conditions having been put in place temporarily, logging is essentially continuing business as usual under the Coastal IFOA. This is despite expert evidence commissioned by the EPA indicating that the normal Coastal IFOA in the context of the wildfires will not deliver ecologically sustainable management as required under the objectives of the Forestry Act. The EPA itself, the regulator of the industry, has said that operating under the Coastal IFOA at this time is not tenable. We are also concerned that the Government is not publicly releasing independent advice it has received from the Natural Resources Commission on forestry operations under the Coastal IFOA in the aftermath of the bushfires. This advice is important to all stakeholders, particularly as we continue to engage in these discussions about the future of the industry and the future of our native forest estate.

To address the significant concerns we have made a number of key recommendations for consideration by this Committee. Number one is that we recommend that forestry operations in native forests be suspended pending the outcome of the NRC advice. The process by which the NRC prepares its advice should be transparent and that advice should be made public. The current legal framework for regulating forestry operations in native forests on public and private land must be revised to better align with the principles of ecologically sustainable forest management. IFOAs, in particular the Coastal IFOA, should be revised and updated to take into account the impacts of the 2019-20 bushfires. The Government needs to finalise its private native forestry review, including reporting the outcomes of the review and its consultation on the draft code. No changes should be made to the PNF code until that review is finalised. Finally, we recommend that this Committee should examine the scientific, economic and environmental evidence as to the viability and sustainability of the forestry and timber products industry continuing to undertake forestry operations in native forests. Thank you.

**The CHAIR:** Thank you. I will now throw to the Opposition. Mr Veitch.

**The Hon. MICK VEITCH:** My question is to Mr Gambian. It is to do with his comments around plantations, as the Committee and others would know, and exploring this concept of hardwood plantations going forward for the sector. Mr Gambian, the importance of plantations not just being a monoculture—can you talk through what you would see would be the appropriate way to set up a hardwood plantation in New South Wales?

**Mr GAMBIAN:** Yes, I am happy to. Let me first of all say that I am not claiming to be an ecologist or have any higher knowledge of these things, but in broad policy terms I would say that we absolutely support hardwood plantations. They do already exist to some extent around the place and to some extent it has already been the practice of Forestry Corp within State forests to replant logged compartments as, effectively, plantations. That has caused problems. Do not get me wrong; that has caused problems. Monocultures absolutely are [audio malfunction]. Having the right diversity of species, having a thoughtful assessment of what is going to work in a particular context and having a long-term management regime are critical. To some extent we are seeing through these last fires the impact of the fires on the softwood plantation estate.

Trees take a long time to grow and hardwood takes even longer to grow than softwood, so thoughtful planning needs to be multiple decades long, not short-term, and recognise that there will be fire events and there will be damage. We have to have a regular program of ensuring that there is constant planting so that we will continue to have that supply well into the future. One of the risks I would see would be to take a haphazard approach with planting hardwood. There is a real opportunity here to look at degraded, already cleared land and lift environmental values, create an opportunity to store carbon while the trees are growing and, potentially for landholders, an opportunity to make some money in carbon markets and potentially for the State to make money off carbon markets during the growth phase, and then to carefully manage those forests as a cycle. We could end up with a net overall improvement for nature, for climate and for the timber industry.

**The Hon. MICK VEITCH:** Can I just pick up on your comments around the carbon market. I am pretty keen to talk about this as well, how the opportunities will arise or how they present themselves, not just for the State with regard to carbon sequestration and accessing the carbon market but also private native plantations. How do you see that regulatory framework incentivising such an action?

**Mr GAMBIAN:** I might throw to Mr Smith on this because he is Dr Smith who knows these things far better than I do.

**The Hon. MICK VEITCH:** Okay.

**Dr SMITH:** Thanks. The role for carbon farming has huge potential in Australia. The potential market is very large and if you look at any of the scenario reports that groups like the Intergovernmental Panel on Climate Change put together and other international groups, there is a very large wedge of the climate solutions that are land carbon. So storing carbon in forests, essentially, is the main way to do it. This is a huge opportunity and New South Wales could see very large areas of the State dedicated to planting forests for carbon storage and, like you pointed out, Mr Veitch, ensuring that those forests also support biodiversity is very important. Those two factors support each other. Biodiverse old forests with large trees are more resilient forests—more resilient to pests, more resilient to fires and so on—whereas forests that have smaller trees, monocultures and so on can be much more vulnerable to those things. So as climate change gets worse, there is a risk that our carbon stores, our forests, are in danger from increased bushfires, pests and so on.

If we want to make sure that those carbon stores are resilient then making sure that they are biodiverse is really important. Similarly, we are also in a biodiversity crisis. Climate change is causing a decline for a lot of our species so that is a really good opportunity to look after our biodiversity. Those two things can be mutually beneficial. When it comes to timber harvesting, that is now a third aim, I guess, that you might be throwing in there. Looking at the economics of that would be really important because the way plantations are managed is much more intensive than native forests, of course, the way they are harvested and so on. That improves the economics of plantations and I think it is part of the reason why the hardwood division of Forestry Corporation is losing money but the plantation division is not. Weighing up those three different goals is really important and, perhaps, I can see a really strong role for having forests that are managed for both carbon and biodiversity; those two things seem very mutually beneficial. When it comes to timber harvesting, perhaps it is a different sort of regime.

**The Hon. MICK VEITCH:** Are there jurisdictions in Australia doing this well or if New South Wales were to head down this policy path, is it an opportunity to become a leader?

**Dr SMITH:** I can quickly jump in with one example. Back in 1999, Peter Beattie in Queensland announced that Queensland would be moving away from native forest logging and put in place a 25-year transition strategy that relied on planting hardwood plantation. That strategy has seen some success, although recently it has been upset. In 2012 the government in Queensland privatised the plantations, the planting regime was not followed through so now I think they are in a bit of a pickle. It has sort of gone off the track a bit. There are definitely things to learn from the Queensland experience in terms of the species that were used and the types of land that were successful for those hardwood plantations but also some warnings that these programs need to be followed through; they need to be long-term programs.

**The Hon. PETER PRIMROSE:** I just have one question and it is addressed to all the witnesses—anyone who would like to answer it. On page 135 of the Timber NSW submission, I will read out one of their recommendations to do with harvesting. They state:

> With 88 per cent of public forested land reserved from native timber harvesting, operations have become concentrated in some areas. This has opened the government to criticism from local communities that it is supporting the intensification of harvesting. Allowing timber harvesting to have 'a lighter touch' across a larger area by integrating forestry with the management of forests more generally, along with clear communications campaigns, would address many genuine community concerns. Such an approach could also help protect the forests from future catastrophic bushfires. For this to occur the NSW government needs to discard its siloed approach to forest management and to embrace tenure neutral principles.

I was just wondering if anyone would like to comment on that?

**Mr GAMBIAN:** I will jump in on that, Mr Primrose. The first thing I would say is it is a complete misrepresentation of a logging operation to suggest that any kind of logging operation can be [audio malfunction]. That is trying to create a metaphor that simply does not exist. The second thing I would say is that the consequences of the fires across Australia—across New South Wales in particular—was also tenure blind and there have been devastating impacts across the entire forestry estate across New South Wales, public and private. The third thing I would say is we have a protected reserve network for a reason. These are plans that have been identified over generations by both parties in government as warranting special protection as part of a global standard of conservation that says there are some places that are so important that they should be protected. It is worth noting that since European settlement huge portions of New South Wales have been cleared and continue to be cleared at a staggering rate. Only about 9 per cent of New South Wales is actually protected. So this self-serving spin from the industry that suggests that somehow they will have better PR if they [audio malfunction] to more places and just go more gently completely misrepresents what they are actually proposing.

**The Hon. PETER PRIMROSE:** Anyone else?

**Ms LOANE:** I would just add to that that we hear from a lot of people in these communities that have concerns about what is happening in their native forests. I do not think that many of our clients or people that we hear from would necessarily agree with that statement from Timber NSW.

**The Hon. PETER PRIMROSE:** Thank you very much.

**The Hon. MICK VEITCH:** Again to Mr Gambian, in your submission you talk about adequate funding for the NRC. Can you just talk through why you think that is important and how you see the funding for the NRC would best be applied?

**Mr GAMBIAN:** The NRC have demonstrated that they are capable of providing proper assessments of some of these resource issues in a thoughtful and objective way. Without skin in the game, if they were to look at some of the science [audio malfunction] some useful judgements. Ensuring that the NRC is properly funded to do that work I think is critically important. It is worth noting that in the last State budget the funding for the NRC was reduced, not increased. I would have thought in New South Wales we have got so many questions that need to be balanced in terms of resource management that we should be looking to the NRC to do much more thoughtful and intelligent work around how we maintain that balance. This is not a time for ideologues. This should not be culture wars whipped up at a political level, which often happens. We need to rely on scientists and we need to rely on policy experts to get the settings exactly right.

**The CHAIR:** The Opposition's time has expired. Mr Field.

**Mr JUSTIN FIELD:** Thank you to both organisations for your attendance today and your detailed submissions. In the last session, and you may have been listening to it, at the end Timber NSW representatives in particular—I am sorry I do not have the exact words; I was trying to have them transcribed to read to you—the essence was that a sustainably managed forest and managed with sustainable timber recovery provides the best for the majority of species. The indication was that there needed to be management through harvesting, thinning and bushfire management to ensure the best outcome for the majority of species in a particular forest area. Could the NCC, perhaps in the first instance, provide a response to that?

**Mr GAMBIAN:** I think it is extraordinary that anybody would think that human intervention in the forest is somehow going to produce better results, that Timber NSW has it more right than God had it for millennia [audio malfunction]. But I would say that that simply does not stack up. There is no scientific evidence to suggest that to be the case; it is completely misleading to suggest otherwise.

**Dr SMITH:** I might add to that. Mr Field, if you look at species that are in decline in New South Wales, and one example is the greater glider, a lot of the species that are threatened species rely on hollows in trees. The regular harvesting of forests where Forestry Corp goes in every 30-odd years and takes out the biggest trees means that features of the forest, like hollows, are regularly taken out. The loggers want the biggest trees, the oldest trees that are most likely to have hollows and so does the wildlife. There are prescriptions that require Forestry Corp to maintain a certain number of hollows. That can be as low as two hollow-bearing trees per hectare. We have this competition between loggers and gliders. If you look at the threatened species listing in the Federal Government's documents you will see that logging is listed as the number one threat to gliders. The idea that logging somehow improves biodiversity or something—the opposite is very clearly true. There are many species that are under direct threat from it.

**Mr JUSTIN FIELD:** This also goes back to Timber NSW's submission, but something you mentioned in your introductory remarks, Mr Gambian. Timber NSW has highlighted the role of forests in reducing carbon emissions, which is obvious, but one of the five points that they have listed here is:

> Bioenergy from wood waste replaces carbon-intensive fossil fuels such as coal, oil and gas …

You mentioned there are some bioenergy proposals on the table at the moment in New South Wales. Could you just respond and provide any evidence that you are aware of that bioenergy from wood waste can replace or is better than carbon intensive fossil fuels such as coal, oil and gas?

**Mr GAMBIAN:** Yes, sure. I am happy to provide the references specifically on notice but, in general terms, the burning of timber for energy is more carbon intensive them burning coal. The idea that you can burn something within a matter of minutes or seconds that takes potentially a hundred years or more to regrow completely gets wrong the idea that somehow we have a clean energy source or a carbon neutral energy source. It is simply not the case. Again, I am no ecologist and I do not want to be representing myself as such, but you may burn the timber from a particular tree but you kill the tree in the process, and so the root system and all of the other stores of carbon are suddenly no longer there for us.

These biofuel proposals that we have had in recent times, the most significant being around the Hunter and the possibility of reopening a woodchip terminal at the Port of Newcastle, would be absolutely devastating because it would create a market for native timber from public native forest that does not currently exist for the purposes of burning it and will put more carbon into the atmosphere exactly at a time when we need globally to reduce the amount of carbons going into the atmosphere, and as well there is the immeasurable biodiversity loss that we will get within those forests that have seen the increase in logging operations.

**Mr JUSTIN FIELD:** This question is to the EDO and I will get you to decide who is best to answer it. You have made comment this morning and in your submission about the adequacy of the current regulatory framework with regards to ecologically sustainable forest management. I know you have been following it closely but the EPA last year wrote a pretty scathing letter to Forestry Corporation that suggested that they may well be outside of their Forestry Act responsibilities to comply with those principles. Can you just explain the basis of how we got here? How is it that the regulator is having to write letters like that but seemingly no action has since happened? What does it say about the regulatory framework that we are operating in New South Wales to be able to manage impacts on the forests such as the fires?

**Ms LOANE:** Thank you for that question, Mr Field. I think it highlights some of the issues we have raised about the framework being difficult to enforce and that compliance and enforcement has been an issue for the framework for a long time. What we saw happen at the end of last year highlights that. As the regulator, the EPA has the role of ensuring that Forestry Corporation is complying with its conditions and that is what it was doing at the end of last year; it was putting Forestry Corporation on notice that it was going to be watching closely its operations. We expect that that is what the EPA is doing but, at the end of the day, the framework and the conditions that are in place have been poorly enforced in the past and we expect that those are the issues that we are seeing moving forward into the future as well.

We would say that we need to support the EPA to do its role properly. If it is finding that there are issues in terms of being able to enforce the conditions or enforce the rules that are in place then we need to go back and have a look at those rules and see if we can tighten those and strengthen those and we need to support the EPA to do its job properly to ensure that what is happening in our forests now, particularly post-bushfires, is meeting ecologically sustainable forestry management. If we are hearing from the EPA that they have concerns that it is not, then together we need to go back and look at those rules and we need to see if we can find a way, moving forward, that the framework as a whole is able to meet those objectives. If it can't then we really need to think about what we need to do with the regulatory framework. Rachel, did you want to add anything to that?

**Mr JUSTIN FIELD:** I think my time has expired.

**The CHAIR:** It has. I might just start with the Nature Conservation Council. I sent through a document of a DPI study that was done from 2015 to 2018 on selective thinning and its ability to improve biodiversity. I think it was done in the Pilliga but I have also heard that they were doing some stuff on river red gums. Perhaps on notice, Dr Brad Smith might have a look at that and give some comment as to whether there is a place for selective thinning of some forests in terms of improving biodiversity?

**Dr SMITH:** Thanks, Chair. I saw that come through and I would be happy to provide some comment on notice. I suppose the first thing I would say is that that study was based in the Pilliga in the white cypress pine forests out there. Those forests have been very heavily disturbed. Of course, cypress pine was a sought after timber because it is termite resistant so it has been heavily logged. Also grazing sheep and feral rabbits had a big impact on those forests, so it is a very heavily disturbed forest. The results of that study are interesting but I would caution

against applying those results to other forest types, especially forest types that are less disturbed. It looked to me like the findings of that study were that trying to emulate old-growth forest or native forests in terms of the forest structure was most beneficial to biodiversity, rather than thinning the whole lot or not thinning any of it, trying to get back to that sort of structure. I think that is probably not a bad [inaudible].

**The CHAIR:** Can we just stick with you on this concept of carbon capture? Some of the stuff I have read states that you do not really get carbon capture until about 10 years into a tree's life. Then from a group or collective's perspective, if we had a forest or a set of trees it would not really be truly effective until about 100 years. Obviously that is not factoring in the loss of carbon when trees naturally rot or they are burnt in fire. Some of these studies suggested that carbon capture using trees is probably not the most effective way of doing so and they have suggested other species like algae or hemp as far more effective. I just want your thoughts on whether you can actually build a carbon capture market around trees, given those studies.

**Dr SMITH:** There are definitely some important concerns that you raise. In general, forested land does store a lot of carbon. To give you an example, for every tonne of carbon that we emit, whether we are driving to the shops or using some power from fossil fuels, about half of that is absorbed by forests and oceans for free. Those natural systems are storing half of the CO2 that we emit. If we increase the amount of forested land then we can increase the amount of carbon storage that is happening. Some of the concerns you raised around fire and things like that definitely need to be taken into account. So carbon is lost in those circumstances. There have been some very good studies done about the amount of carbon that Australia's native forests store, and in the east coast forests of Australia the potential for storage is huge. Like you said, when forests reach their climax—so they have very big trees with very big root systems and soil carbon builds up over time. Those forests store the maximum amount of carbon, so a 100-year-old forest. On the way there, of course, the forests store more and more carbon each year as they get to that state. So there is a big potential there.

Generally, forests that are managed for wood production store around 40 per cent less carbon than old-growth forests. That seems to be a general average. Of course we go up or down depending on whether it is a temperate or tropical forest and so on, but there is a huge potential for storing CO2 in forests. I think you raise a really important point, which is that it cannot necessarily compensate for carbon that comes out of the ground. So taking coal out of the ground and burning it is a one-way process. Storing carbon in a forest, it becomes part of the carbon cycle, called green carbon. Those two types of carbon are not necessarily equal. We should definitely be storing as much as we can. At the same time, the idea that one tonne of carbon stored in a forest is the same as the tonne of carbon burnt from coal—that equation just does not work.

**The CHAIR:** Thank you. I will throw one question to the Environmental Defenders Office. In your submission you say that the current legal framework does not align with ESFM but you particularly mention third-party enforcement rights and issues around that. Are there specific issues that you are talking about or do you want to see an expansion of third-party enforcement rights to include other third parties? Is that what you are proposing?

**Ms LOANE:** What we were getting at in our submission is the fact that our legal framework for forestry does not include third-party enforcement rights, and that is the ability for a member of the community or third party to enforce breaches of the law. Third-party enforcement rights are a key feature in environmental legislation. You see it in other legislation that regulates other industries, such as mining and planning but we do not see it in the forestry legislation. I think it was removed some time in the late 90s or early 2000s. What that does, it hinders the ability of the community and third parties to be involved in the environmental decision-making process and the enforcement of environmental laws.

While we have the EPA as the regulator, sometimes forestry issues slip through the cracks. Sometimes local communities have good knowledge and good ability on the ground to identify key issues and where the regulator is failing to do its job, and having that safeguard of the community there being able to prosecute in its own right its concerns in the courts against potential breaches of legislation is a key safeguard in environmental legislation. As I said, we see it in our laws in relation to other industries but it is not here in the forestry space, and it is something that we say should be reinstated. It is just an additional safeguard to ensure that the laws are being adequately complied with in order to achieve the objects that we are trying to achieve, such as ESFM.

**The CHAIR:** My time has expired so I will pass to Mr Farraway.

**The Hon. SAM FARRAWAY:** Welcome to some of the witnesses. We were floodplain harvesting last week and we are forestry industry this week. My question is to Mr Gambian. Do you believe there is a climate crisis?

**Mr GAMBIAN:** Yes, Mr Farraway, of course I do.

**The Hon. SAM FARRAWAY:** You would believe, I suspect, that we should use all the tools to reduce or sequester our emissions?

**Mr GAMBIAN:** What I think we need is thoughtful policy that looks at the best opportunities to reduce the amount of carbon that we are omitting in the first instance. Probably what we would describe as the low-hanging fruit, what are the things that we can do quickly and readily to significantly reduce emissions? The Government has got a pretty good track record on this in recent times in terms of the energy roadmap and ensuring that we transition away from our five polluting coal-fired power stations. The next piece of work will be ways in which we might reduce the existing carbon in the atmosphere and sequester more carbon. Of course all of those have to be weighed up as all sensible public policy does against the costs and the benefits.

**The Hon. SAM FARRAWAY:** So I take it, Mr Gambian, you would believe—

**Mr GAMBIAN:** I didn't realise we were having an inquiry into climate change today, but I'm all for it.

**The Hon. SAM FARRAWAY:** No, here is the question. Do you believe, Mr Gambian, that we should support industries like native and plantation forestry that reduce emissions?

**Mr GAMBIAN:** I think our testimony today says that, yes, we do. We have told you this morning already numerous times that we would support the expansion of a hardwood estate, absolutely. If farmers can make some money off growing trees because it sequesters carbon for a period and then can be sold as timber in the future, we have no problem with that.

**The Hon. SAM FARRAWAY:** Excellent. Moving on, do you believe that it is important that we reduce the travel miles for heavy products like timber, in terms of haulage?

**Mr GAMBIAN:** This is starting to get to be quite specific questions, Mr Farraway. Why don't you cut to the chase and tell us what you are getting at and then I can give you a complete answer?

**The Hon. SAM FARRAWAY:** I have asked a question and I will repeat it. Do you believe it is important that we reduce the travel times for heavy products like timber?

**Mr GAMBIAN:** I think reducing travel times for everything, including politicians getting to Macquarie Street and people catching the bus to school, is a good thing. I have no problem with reducing travel times. But, again, why don't you get to what you are trying to say?

**The Hon. SAM FARRAWAY:** I suppose we will move this on [disorder]—

**Mr GAMBIAN:** You want a different answer so why don't you tell us what your answer is [disorder].

**The Hon. SAM FARRAWAY:** Point of order: I am asking some questions and looking for answers and all I am getting is questions back from the witness. Here is a pointed question for you, Mr Gambian: Do you have any imported timber products in your home?

**Mr GAMBIAN:** I have absolutely no idea. I imagine, like everybody else in New South Wales, I probably do. If you are asking if I have a beautiful redwood dining table or something like that, no, I don't. But my house was built in 1908 so I imagine there was all sorts of timber put into that house including probably from what used to be hardwood forests around where I live. Again, I am not that into the Socratic method, so if you've got something to say, why don't you just say it?

**The Hon. SAM FARRAWAY:** I suppose another good one for you, Mr Gambian, is: Do you choose to have locally sourced timber products in your home? If they are not imported, do you choose to support locally sourced timber products?

**Mr GAMBIAN:** I think you would be surprised to learn that I do not buy that many timber products. Again, I am not really the target of this inquiry, so if you have got something to say—last week when we spoke on floodplain harvesting I had to google you after the inquiry because I didn't know who you were. I suppose [disorder].

**The Hon. SAM FARRAWAY:** That is all right. You know who I am now. Moving on, Mr Gambian.

**Dr SMITH:** Mr Farraway, I am renovating my home at the moment so I might be able to help a little more on that question. We have been using a lot of timber products in the renovation of our home and it surprised me how many of them are pine products. All of the structural timber we have used has been pine that builders and carpenters have brought into the house. Even the floorboards are kauri pine. The structural timbers—the joists, the beams, the lintels—are all laminated, veneered pine. The reason that the builders are using pine is because it is more stable, it is easier to work with and it is lighter. I guess in terms of haulage having less weight is also helpful. I think that really shows that the construction industry has changed a lot in the past few decades. For the

construction of houses, the amount of hardwood used—and all of those uses that I laid out—has been greatly reduced because of technology change and because the industry is becoming more productive and more efficient.

Pine trees grow fast; they are much more economic. I think that trend is only continuing. Even hardwood floors are now made with plywood backing because it is more stable. The industry is changing and I think we see that in Forestry Corporation of NSW accounts—that it has lost money every year for the past 10 years in the hardwood division. That really needs to be taken into account in the future of the timber industry in New South Wales so that we have future-focused industry that has adapted to that technological change.

**The Hon. SAM FARRAWAY:** Thank you, Mr Smith. We had some earlier questioning and commentary around extinctions. Mr Gambian, one again for you, if you are so interested in googling me. Do you know how many extinctions have occurred on State forests, or does the Nature Conservation Council of NSW know that?

**Mr GAMBIAN:** No, but I am happy to take that on notice.

**The Hon. SAM FARRAWAY:** The answer is nil. Would you be [disorder].

**Mr GAMBIAN:** Mr Farraway, we can save everybody a lot of time if you do not ask us questions you already know the answer to.

**The Hon. TAYLOR MARTIN:** No, it's alright. He'll be asking the questions.

**The Hon. SAM FARRAWAY:** Thank you, Mr Gambian. Moving on. Mr Gambian, would it surprise you to find that there has been a reintroduction of extinct species into national parks?

**Mr GAMBIAN:** No, not especially.

**The Hon. SAM FARRAWAY:** Okay. That actually came from State forests, I might add. I was just interested if the Nature Conservation Council were aware of that.

**Mr GAMBIAN:** If you are asking if we support State forests, the answer is, yes, we think they are fantastic—

**The Hon. SAM FARRAWAY:** [Disorder] the reintroduction of those extinct species you talk about. Mr Gambian, did you know that plantations generally do not produce timber and that they can be used in many different products? I suspect—we were talking about houses before—they may very well can see in the background of your video that plantations can be used—generally do not produce that timber? So are you aware of that?

**Mr GAMBIAN:** Sorry, Mr Farraway, are you suggesting to me that plantation trees do not produce timber? Because I think that is going to come as a surprise to the trees.

**The Hon. SAM FARRAWAY:** No, they generally do not produce timber that can be used in products that we can see perhaps what is in the back of your video there.

**Mr GAMBIAN:** I am sure others have given you evidence on that. I do not have anything further to add.

**The Hon. SAM FARRAWAY:** The last point, which is on—

**Dr SMITH:** Mr Farraway, I might be able to help with an answer to that question. If you look at the Australian Bureau of Agricultural and Resource Economics and Sciences statistics, around 90 per cent of the wood products produced in New South Wales come from plantation sources. There are around 9 per cent left that come from native forests. I think the main interest that the Nature Conservation Council has is that 9 per cent because of the competition with native species and the aims of our organisation in terms of conservation. But the other 91 per cent—the great bulk of the timber products—comes already from plantations, and we fully support that.

**The Hon. SAM FARRAWAY:** Just moving on, I asked earlier of some stakeholder groups, in particular Timber NSW, about the hardwood timber industry and the fact that we have seen what was deemed a bit of a shock decision out of Western Australia and a pre-existing decision out of Victoria to completely phase out the hardwood timber industry. In New South Wales there are obviously a lot of regional communities, a lot of supply chains, a great deal of jobs and economic activity that is surrounded with the timber industry more broadly. What is your opinion, Mr Gambian—and also obviously I should ask the EDO as well—on where to next? Do you support the complete banning of a hardwood timber industry in New South Wales?

**Mr GAMBIAN:** As we have said in both our submission and this morning, what we support is a thoughtful expansion of the hardwood plantation estate so that we can have a thriving industry. I do not think

anybody in the hardwood timber industry in New South Wales—I did not see the testimony this morning from Timber NSW, but I would see be surprised if they said they were experiencing a thriving sector at present. That is not to say that it could not be a thriving sector and that is not to say that regional communities could not benefit quite substantially from thoughtful interventions into ensuring that those industries can be sustainable both economically and ecologically into the future. We say there is definitely a role for government to play here to ensure that the hardwood timber industry can in fact be profitable. The stats of Forestry NSW alone demonstrate the limitations to that sector at the moment and it is a sector in decline. There is no question of that.

New South Wales Treasury is exposed to extraordinary risk from timber supply contracts that it will most likely not be able to meet over the coming years. Good economic management says that if you want to have a hardwood timber industry—and we say there is nothing wrong with having a hardwood timber industry—then it should be an industry that is sustainable and based on plantations, as the rest of the timber industry in New South Wales is. This is not a State like other States in Australia where most of the timber work happens within State forests. A very small proportion of the timber industry exists in State forests at present, and we say we can have a much better timber industry in New South Wales, although I accept that we are not the experts in the economics of the timber industry by a long shot. But we say that small businesses up and down the coast of New South Wales and regional towns can get a double benefit with thoughtful interventions.

You can have hardwood timber in plantations, you can raise the conservation value and the land value of degraded land, you can reduce carbon emissions in the atmosphere and you can have booming tourism businesses in State forests that can be converted. A good example, of course, is The Great Koala National Park on the mid North Coast, but there are other examples through the State. Please do not try to characterise us as being against the timber industry. As I said in my testimony, we are ready and able to work constructively with the timber industry and all sides of politics in the New South Wales Parliament to ensure that we can have a sustainable industry both economically and ecologically into the future.

**The Hon. SAM FARRAWAY:** I think I am out of time.

**The CHAIR:** You are. That concludes our questioning of these witnesses. We thank them for their time and their insight. I believe some questions were taken on notice and the Committee secretariat will be in touch. You may also receive supplementary questions because I do not think 45 minutes is enough time to explore the breadth of this issue with you. We will be in touch. Thank you for your time.

**Mr GAMBIAN:** Thank you, Chair, and thanks for the Committee.

**(The witnesses withdrew.)**

**(Short adjournment)**

**STUART BLANCH**, Senior Manager, Towards Two Billion Trees, WWF Australia, sworn and examined

**VIRGINIA YOUNG**, Director, Colong Foundation for Wilderness, affirmed and examined

**GARY DUNNETT**, Executive Officer, National Parks Association of NSW, sworn and examined

**The CHAIR:** Welcome back to our last session today into the inquiry into the long term sustainability and future of the timber and forest products industry. In this session we have with us representatives from World Wildlife Fund [WWF] Australia, the Colong Foundation for Wilderness and the National Parks Association of NSW. Would you like to give a short opening statement? If we could keep it to one to two minutes, that would be great.

**Dr BLANCH:** Stuart Blanch here. Thank you for the opportunity to provide evidence to this very important and timely inquiry. New South Wales faces some key imperatives relevant to forests and the forestry sector: protecting forests while increasing wood supplies, a green economic recovery following COVID and the bushfires, diverting public funds from degrading forests to growing plantations and restoring forests, managing forests as a globally significant carbon sink, and preparing for climate impacts. We think the solution is a fair and timely transition this decade out of industrial-scale native forest logging and into a much expanded plantation estate or a Forest Stewardship Council certified logging sector.

The Victorian and Western Australia governments have shown this is possible and it is necessary, although it is difficult, particularly if not well consulted. Retailers and finance markets are increasingly removing carbon emissions and deforestation from supply chains. As climate impacts worsen, the already uneconomic native forest logging sector will further degrade forests and require expensive ongoing taxpayer subsidies. The New South Wales Government and private sector should consider the many hundreds of millions of dollars needed for a fair transition to support logging contractors, mills operators, regional communities and farmers in this transition. Thank you.

**The CHAIR:** Thank you. Mr Dunnett?

**Mr DUNNETT:** National Parks Association likewise believes that now is a pivotal time in the future of our State forests and it is time for the transition from exploitative forestry to management of those lands for conservation purposes. The reason that we are so clear in that view is that the fundamental context of our State and our forests has changed so much in the last decade. I am not going to reiterate everything we put into our submission but I would make reference to the extreme level of land clearing we are seeing across all tenures in New South Wales under the significant changes to native vegetation laws in 2016, which leaves us in a situation where our Crown estate is becoming increasingly important as one of the last secure refugia for biodiversity.

The accelerating understanding that native vegetation and, in particular, vegetation communities that are in intact or as close to intact condition as possible are our best possible means of sequestering carbon into the future and, of course, the extraordinary level of cross-subsidisation that is happening between the different sectors of the forestry industry at the moment are all amongst those factors which are telling us that it is time for change if we are to avoid not just global cataclysm but also an extraordinary loss of the biodiversity values of our own State. Thank you.

**The CHAIR:** I will throw to questions from the Opposition. Mr Primrose?

**The Hon. PETER PRIMROSE:** I have two questions and they are to any witness who would like to answer them. We heard this morning from Timber NSW. I will just quote from their recommendations on page 135. One of their recommendations is:

> To improve supply in the short and medium term, the most cost-effective opportunities reside within the native forest sector. At present, the NSW government has constrained supply more tightly than at any time in its 150-year history. The NSW government must loosen native timber supply constraints to allow opportunities for the timber industry, the construction industry and the NSW economy.

I was wondering if anyone would like to comment on that, please.

**Dr BLANCH:** I might but I noticed Ms Young did not make a statement—if that was an oversight, just raising that. I just want to make sure Ms Young has a chance.

**The CHAIR:** Sure. Ms Young, sorry about that. Did you want to make a quick opening statement? And then we will go back to that question.

**Ms YOUNG:** Yes, thank you. I am on the board of the Great Eastern Ranges connectivity conservation initiative and I work for the Australian Rainforest Conservation Society on a global research program, funded through Griffith University, on climate biodiversity. I think I bring two perspectives to the inquiry. One is at the

local level. I live in a village that was saved three times by wind changes in the summer-of-2019 fires and experienced firsthand the distress and terror for individuals, families and communities and the devastation to wildlife and to forests. Since then I have been involved in a number of science-based projects, looking at post-bushfire forest recovery. That has all been part of the voluntary work I do but one thing that struck me—and I did send supplementary material through to the Committee—is the vast outpouring of grief and care for trying to restore our forests and habitat and protect wildlife. I think that is an important thing. When you think about who the community is, there are literally thousands of volunteers who are continuing to work to try to give wildlife a future in New South Wales.

At the other end of the spectrum, I sent you a media release from the first ever joint workshop of the two science advisory bodies to the United Nations Framework Convention on Climate Change and the Convention on Biological Diversity. It was held in June this year. You will notice, if you read that, the urgency of the call to deliver integrated action on climate change to prevent climate change and further biodiversity loss. Their top priority in the actions that they have identified is the protection and restoration of carbon- and species-rich natural ecosystems like forests.

Those two perspectives are what have informed the Colong submission. I guess the terrifying reality that a lot of the ecosystem services that our forests provide—and they go well beyond timber. They are water regulation, they are an equable climate—obviously carbon storage and sequestration. Those ecosystem services are now at risk unless we change our approach to how we manage our native forests. So the Colong submission is very much focused on those changes and the need to—I guess I would echo a lot of what Dr Blanch had to say—refocus energy on planted timber estate and focus management on the native forest, on restoration and recovery, to ensure resilience, reduce fire risk and improve the outlook for wildlife and communities as we face escalating climate change. Thank you.

**The Hon. PETER PRIMROSE:** I will not reiterate the question I just asked. I remind people it was just about the recommendation from Timber NSW relating to the need to remove constraints in the native forest sector. Would anyone like to answer?

**Dr BLANCH:** I think it is a great question you raise and I understand Timber NSW's frustration. They cannot get access to forests. The reality is they will never be able to get enough access to native forests now. Because of the impacts of climate, we will have more reduction in wood supply agreement in the decades ahead. And as more species like koalas and greater gliders are listed as endangered under Federal law, the New South Wales Government will not have the ability to provide so much wood from the native forest estate. So I think at a time when there is some panic over what the future of the industry is, which I understand, and the future of our forests from a community point of view, I think it is really important for the inquiry to say, "What is the long-term future and do we make some hard decisions?" And these are difficult, hard decisions. I just point to—these decisions have been made in other States and there is a future ahead.

What we do not want is a reduction in wood supply because wood is a very important billet construction material that is low embodied energy—good for the climate if grown in plantations. But we need to plan it and invest in it. It is at least 20 years for softwood and probably 40 to 50 years for hardwood, so the longer we leave this transition and the clear policy agenda, the longer we delay investment in certainty for the forestry industry and certainty for those regional logging communities, where I grew up. They will never have that certainty until the transition is completed. There is no point in saying we want to get back into our native forests when the fires have taken out so much of the wood supply, particularly in the South Coast. There will never be an economic forestry industry there now. I think Timber NSW are asking an important question but they have got the wrong answer in mind.

**Ms YOUNG:** It is also not the only question. The question is how do we improve the resilience of the forests for a whole range of ecosystem services that forests provide to millions of people in New South Wales? There are a lot of lives and livelihoods that are tied up in the decisions that this Committee will make, not just a transition pathway or the future for the timber industry. Actually transitioning workers into other jobs is something the New South Wales Government has done many times in the forestry industry, as have governments elsewhere in Australia. It is not rocket science. The big change is climate change and the interaction between climate change and past damage to our forests.

You will see in our submission a reference to the increased risk of fire and increased fire severity in younger forests. Now, that is a major issue. The science on that is now clear and you can find that on the website that I put in our submission, www.bushfirefacts.org, where a review of all the science literature on this issue has been undertaken. It is in report number three. So there are many more questions to be asked by this Committee and not just the short-term needs of the timber industry. I totally agree with Dr Blanch. We want an economically

viable timber industry that can stand on its own two feet and not come at the expense of the ecosystem and services and our wildlife in our natural forests.

**The Hon. PETER PRIMROSE:** Thank you. Mr Dunnett, do you have a comment on that recommendation?

**Mr DUNNETT:** No. I am more than comfortable with what my colleagues have said.

**The Hon. PETER PRIMROSE:** One of the other many recommendations made by Timber NSW—I asked this at the previous panel—was:

> With 88 per cent of public forested land reserved from native timber harvesting, operations have become concentrated in some local areas. This has opened the government to criticism from local communities that it is supporting the intensification of harvesting. Allowing timber harvesting to have 'a lighter touch' across a larger area by integrating forestry with the management of forests more generally, along with clear communications campaigns, would address many genuine community concerns.

There is more to the recommendation but I was wondering, again, if you would like to comment on that recommendation.

**Dr BLANCH:** I would say that—I mean this in the nicest possible way—I think they are barking up the wrong tree. They are never going to get access to a sustainable, viable industry and attract the private sector capital they need to expand wood supply if they keep focusing on native forest, because those forests are highly contested. As long as we are in this cycle where we keep looking at "How can we get access to more forests? And yet the Government or communities won't let us into those forests," there will never be a peace. The answer is we need to grow a lot more trees—and the best place to do it is on cleared land where there is a social licence, where there is good investment, near the mills, near the forestry nodes—not trying to get access to more native forests. They are too valuable for Australia and our State, particularly just for carbon storage. I just do not think any State government, particularly in the next decade, will be able to have any native forest logging industry because the treasuries of the States will see that they are too valuable as a carbon mitigation measure. We should be paying communities to save that carbon whilst we transition.

**Ms YOUNG:** The other thing to bear in mind is that a lot of the national parks, which is I assume what this comment from Timber NSW is directed towards, are Regional Forest Agreement RFA parks. Quite a lot of young forests came into the park system during the RFAs and are still recovering. But it is a lot quicker to recover habitat in 20- to 30-year-old forests than it is from planting new trees. So this idea that somehow or other you can have your cake and eat it too in natural forests, I think, is obviously still evident in the approach that is being taken by Timber NSW. It is surprising, actually, because it is so much more economically attractive to plant and harvest trees that are purpose-planted for a particular product. About 88 per cent of Australia's wood already comes from plantations. It is really a nonsense to try and keep propping up an industry that has been in decline for a long time and has done a lot of damage to wildlife, our carbon storage and other ecosystem services along the way and now comes with increased fire risk and severity. It truly is a pivotal time for change.

**Mr DUNNETT:** If I could just add, I think one of the questions we need to ask ourselves is what does futureproofing look like in the context of a future forestry industry? And a component of that, as both Dr Blanch and Ms Young have said, is to think about where you do forestry in places that have the social licence and are not contested. Another component of it is to think about it in a landscape context. Where in a multi-use forest environment can anyone put their hand on their heart and say that, in the conditions we know are coming through with climate change, there is a low probability of a future wildfire event removing that resource? The only places that that is even vaguely possible is in portions of the landscape which are disjunct from the run of major cataclysmic fires as we saw in 2019-20, which means playing smart with where you build your next generation of plantations—not through replacing existing native forests but instead by finding areas of degraded land which are not subject to those runs of fire, those landscape-scale fire events. It is the only means by which we are going to be able to guarantee a secure resource into the future.

**The Hon. PETER PRIMROSE:** I will hand over to Mr Veitch.

**The Hon. MICK VEITCH:** My question moves on a bit from the hardwood plantation question. I have got a number of them that I will put on notice. Can I ask each of the panel members: How do we, as policy makers, incentivise the participation of both the State and private operators into native hardwood plantation?

**Dr BLANCH:** I might jump in. It is a great question. Thank you. We think a lot about this. A 50-year investment horizon is very challenging. I talk to a lot of the forestry industry and the supply chains, thinking about how you make that happen and how you make it appealing not just for public investment but private as the climate impacts worsen and people fear happening to their future hardwood plantations what happened on Kangaroo Island, which shut down a lot of the industry—at least for some of the players. I think there are some key things. There is a lot of commonality in the foresters who are from the pro native forest logging school and the plantation

industry that Australia has not invested in the research and development [R&D] around silviculture. We do not know how to grow well hardwood plantations over a half-century time frame that are going to provide the quality of wood for people's kitchens and floors that we can get out of native forests. So I think it is a basic R&D investment. That would be one.

When I talk to the plantation sector, they say that around at $30 a tonne for carbon the plantation industry changes from being maybe not that economic in a lot of areas to economic if you can sell the wood and you attract carbon credits over a sufficiently long lifespan. I think the spot carbon price two weeks ago was $24 a tonne. It is heading northwards. So if you are going to make recommendations for what we do this decade, I think you should be trying to think where the carbon price will be in 2025 and 2030, and then talking to the people who model when hardwood plantations, particularly on the west of the divide and increasingly on the east of the divide—the better quality soil, higher rainfall—become economic if you can attract a carbon price and maybe some other co-benefits like Indigenous employment or grazing underneath with cattle.

I think that is the way you have got to stack the long-term investment returns required. With patient capital, on top of the wood value that you sell—sawlogs, carbon, hopefully water production as a natural drought assistance program because trees make rain, and other things, particularly benefits to farmers and Indigenous communities. And if we can stack those, particularly with natural capital markets, public and private blended, I think we are getting close to where plantations do make money, whereas in a lot of places they do not and that is why our national plantation estate has been shrinking.

**The Hon. MICK VEITCH:** Anyone else? Mr Dunnett?

**Mr DUNNETT:** I think Ms Young was about to speak.

**Ms YOUNG:** Yes. We have had some experience of this in Queensland with the 25-year transition strategy implemented by the Beattie Government. Then, when governments changed, support for the program dissipated. So at that stage—that agreement was signed in 1999, I think it was—there was huge confidence in the timber industry, but in fact you could grow a full log in 18 years. The 25-year transition provided a really very significant buffer for the industry. The problem was political uncertainty and so when governments changed, the management of the plantation estate changed. There are still some of those—I am involved in a process with timber issues in Queensland right now. We are looking at what happened to the plantation estate. Lots of the plantations are useful—well, they are all useful for something. It depends on what product. But it does seem that that very well-intentioned transition was a victim of political change and variable management.

So I think you do need a consistent and stable policy environment if you are going to do any kind of longish-term plantation establishment program. You need to have confidence that it is going to be well managed and that it is going to actually deliver the wood that you are trying to secure. Right now we are faced with a bit of a crisis in Queensland as a result of that failure of, if you like, political will and management. And that may lead to quite a much more sudden change now for the timber industry in Queensland than was once envisaged. Because, frankly, the wood has run out. You know, a cut that was designed for a transition cannot be sustained. You have to ensure that you have got a stable environment for industry if you are going to go down this path.

I would not rule out the fact that it is more than feasible for particularly some of the non-plantation players to simply change jobs. A lot of the smaller mills go to the wall over time anyway. It is far better to help people transition than just letting them die, which is quite a cruel fate, I think. So the transition that was designed in Queensland actually bought Boral's wood supply out and allocated it to the smaller mills. Then the Queensland Government had first right of refusal over the wood supply if the smaller mills wanted to sell. Now, there are all sorts of mechanisms that you can implement to deliver fairness for communities, particularly in some of the smaller towns where sometimes this stuff really does matter. There are probably a lot of lessons out of Queensland, actually, that we could talk more about.

**Mr DUNNETT:** I will offer, but I am not offering as an economist or as a resource economist of any sort of ilk—but what I would suggest is that at present there is a presumption that there is access to a hardwood resource through the public native forest. We have a distortion in the market as a result of a Forestry Corporation that acts as both a regulator and as an asset holder, as a player in the industry. I guess the question we might ask ourselves is if Forestry Corporation in fact was not the owner of the softwood resource, would there be an opportunity for the market to make a decision about whether those existing plantation areas are put to softwood or hardwood production? I understand that this is projecting forward into the future, but the reality is that we need to have a long-term view as part of this transition from a very unsustainable practice at present.

**The Hon. MICK VEITCH:** Thank you. I think my time is up.

**The CHAIR:** It is, Mr Veitch. I will throw to Mr Field.

**Mr JUSTIN FIELD:** Thank you for your attendance today, everyone, and your submissions. Ms Young, I might start with you if I could. In this morning's session with Timber NSW, there were some comments made about the nature of the science of forestry and the impacts of forestry on the environment. The suggestion was that most of the science around forestry is coming from North America and Europe and is not Australian based. This is in regards to the environmental impacts of logging. I know we have spoken before about research in this space. Can you just speak to the volume of science around the impacts of logging on Australian native forests that you are aware of?

**Ms YOUNG:** Well, I think we have got actually far more comprehensive research in some areas than anywhere I have seen in Europe. I am less familiar—I am aware there is some good research in North America but not normally by the forestry sector. We are in the extraordinary situation of having in Victoria long-term monitoring plots set up in the Central Highlands and elsewhere in Victoria and a researcher who has breadth of knowledge across forest ecosystems and the biology of them. I would say he is a world leader, and that is Dr David Lindenmayer. I do not know whether he is going to appear before the Committee but his research is globally right at the very peak. He is unquestionably one of the best forest ecologists and researchers in the world. So I am a bit mystified by those comments because that research is outstanding.

The other area where Australian scientists have led—and this was a global first as well. There was a team at Australian National University led by Professor Brendan Mackey, who is now head of Griffith University's Climate Action Beacon. He was head of the Griffith Climate Change Response Program. I actually must declare I work on one of his research projects, so my work that I do on climate biodiversity is actually a Griffith University project. But he was the first person to look at the sort of counterfactual—what happens, if you do not log forests, to the carbon? The data that was gathered for that initial project, which included something like 400 plot sites of old-growth data, which is really what you need to have if you are going to look at the carbon recovery potential in forests—now, that is the best data that anyone has been able to pull together globally. There are top-level, peer-reviewed science papers that have got 20 plot sites, not 400. Now, that research was published in a tier 1, peer-reviewed journal, the *Proceedings of the National Academy of Sciences of the United States of America*, in maybe 2009 or 2010. It has not really ever been replicated in Australia but what it indicated was just how far below the carbon potential our wood production forests are.

Other science that has been done in North America, in particular by the Woods Hole and now Woodwell institute for research and Professor Bill Moomaw, also has looked at this issue and quite independently came to the same conclusion: that there is much more carbon to be recovered if you let forests keep growing than from planting baby trees, and that is because people confuse sequestration rates, which are fast in baby trees, with the amount of carbon the trees can pull out of the atmosphere, which really actually depends on how big the tree is and how big the canopy is. Essentially the bigger the tree, the more carbon there is stored in it and the greater its sequestration potential in terms of the volume of carbon that they absorb from the atmosphere. Dr Blanch and others are right. We have a carbon gift horse sitting here that could help New South Wales meet its 2030 emissions reduction targets simply by transitioning rapidly out of native forest logging and focusing our attention on the plantation estate, which, as Dr Blanch said, can be a carbon plus as well if you are planting additional trees. This is just a no-brainer.

The Western Australian Government seems to have thought about this in its recent decision, but even Western Australia has not really looked at the carbon benefit. The only State which coincidently has benefited from a recent withdrawal of a large area of native forest logging is Tasmania, who had a net 111 per cent reduction in their State carbon accounts thanks to withdrawing 170,000 hectares that got added to the World Heritage area and another—I think it was about 350,000 hectares that was put under moratorium. They were the first State. They did not just reach net zero; they met minus 4 per cent. And that is in the government accounts. That is in the State-based greenhouse gas accounts for everyone to see.

**Mr JUSTIN FIELD:** I have got quite limited time. I might just—

**Ms YOUNG:** Sorry.

**Mr JUSTIN FIELD:** You're alright. That is valuable but I will go to Dr Blanch for a comment on that. But I just wanted to add something else. Again, I do not want to make it all oppositional but I just think it was an important claim made this morning by Timber NSW. They said:

> What we should not be doing is shutting down our native forests … and basically letting them grow to a single-aged old age State, which benefits some species and not all.
>
> …
>
> The science suggests that sustainable, managed native forest is best for the environment, the best for carbon storage and the best solution for climate change.

Now, Ms Young, I can see you have got some views on that but I am going to [disorder] Dr Blanch, if I could.

**Dr BLANCH:** Thank you. I rarely get in the way of Ms Young in an argument about forests. I do it only on Zoom. I would say two things. One is for too long the science around forests has been seen as forestry school science or ecological forestry science. I can understand why people choose their particular scientists to quote. I am a scientist by training and I understand how that works. What I would say is the decline in koalas, the impact of the bushfires a year and a half ago, the community concern over forestry—you do not need to read a lot of scientific papers to see what is happening in our forests. Evidence speaks to the impacts of how we treat our native forests if there is intense large-scale logging. That is one. Secondly, a report being produced for WWF, not by ourselves but for us, looking at conversion of native forest in the New South Wales North Coast region to single species stands, particularly coastal blackbutt, Eucalyptus pilularis—because it grows quickly and it is not koala habitat. It will not be caught by the growing koala habitat protection laws that are coming.

That is driven by the IFOA—the process that is approved by government, overseen by Forestry Corporation of NSW. It is not making those forests more diverse, more species diverse. It is making a monoculture because koalas do not eat them and they grow quickly and they make more money. I would say at least around Coffs Harbour, Bellingen, Grafton, in those areas where the conversion continues apace—and we will send this to the inquiry when we finalise the report to us. It shows that the way that those forests are managed is not maintaining multiple-age, multiple-species diverse forest—the opposite. The third thing I would say about science on forestry is I would agree with Timber NSW in the sense that we do not have a good idea of the tipping points in the forests that are increasingly coming. There is a lot of work done in the Amazon that shows that a combination of clearing and illegal and legal logging and fires means that the Amazon is tipping from something that stores carbon to something that releases carbon and reduces rainfall. So all the agriculture, the farmers and the loggers who benefit from healthy Amazonian rainforest, if they are managing it sustainably, are disbenefiting.

My fear is that Professor Will Steffen is right. He is from the Climate Council. He says we are going to lose our east coast eucalypt forest because of climate change irrespective of how they are managed. That might be a "glass half empty" view. I have not seen the science he has produced on it. But I think Timber NSW and the forestry researchers who perhaps hark back to a day where they had more access to State forest are not looking forward to the future when we will be doing very well to hold onto any of our forests if we get to 2½ or two degrees warming. That needs to be the focus of the inquiry: What do we do with our forests and our forestry industry when we have more of those terrible forest fires more frequently? It is an academic point then about how many scientists are saying logging is good for the forest or bad for the forest. We will be doing very well to hold onto any of our forests this century the way the climate is heading. That really needs to be a high priority for the inquiry to consider even if very daunting to do so.

**Mr JUSTIN FIELD:** Thank you, Dr Blanch. My time has expired. I am sorry, Mr Dunnett; I did not get there.

**The CHAIR:** I just might start with you, Dr Blanch. In your submission on page 4 you have a set of 10 outcomes. Number seven, which is about the "expansion of protected areas estate through transferring all State forests to management by NSW [National Parks and Wildlife Service] NPWS"—that sort of seems to directly contradict with outcome one, where you talked about a fair transition out of native forest logging and moving into plantation-based timber, given that we have a significant proportion of our State forests that are actually softwood plantations. I just want to offer you an opportunity to clarify what seems to be a bit of a contradiction. When you say "all State forests" are you talking about all native State forests?

**Dr BLANCH:** Thank you, Mr Banasiak. Yes, sorry, I assumed that was—I meant all State forests that are native forests that are being used for logging. Sorry, I used a shorthand.

**The CHAIR:** Yes.

**Dr BLANCH:** Since we submitted those comments in June and following further discussions, I think there are three future scenarios for our State forests. And it is a competition, frankly, between them. Who gets to manage our State forests in the future? Is it the traditional route—handing over to National Parks and Wildlife Service? I have worked a bit with National Parks and Wildlife Service. They never have enough money to adequately restore and manage all their forests. So I do not think that should always automatically be the best option. A lot of the forests need a lot of restoration and they do not have the budget and they cannot get philanthropic funds like NGOs or Indigenous organisations to restore the forests.

Secondly, I think it is really important that we give land back to the Aboriginal people, who were kicked out of their forests and could not use them for economic value and cultural value. They want their forests back. I think it is practical reconciliation and in areas where there is not native title outcomes potential—whether the land is handed to National Parks but then leased to Indigenous organisations to restore it and manage. Because

then they can go to other funding sources that the National Parks agency cannot get to help manage that and create jobs and get people in the forest managing the fire load, shooting feral pigs and deer, doing cool season burns, cultural burns. That is really important—keeping fire trails open, maintaining access, helping make a carbon economy. That is the second option.

The third one, I think, is increasingly—can corporates or NGOs manage those forests, whether they own the land or there is a lease arrangement, to manage, get as much carbon into that land and produce as much rain? I think it is fascinating. I wonder if some of the big banks, the big people with carbon offsets, the big multibillion-dollar national or global companies that might have forestry as well, like in plantations, and they want to restore forests—a good example is Forico down in Tasmania. They have got, I do not know, 77,000 hectares of native forest that they do not log anymore. And they have got a lot more in plantations that they do log. On their balance sheet they have got numbers against both their plantation estate, which produces wood and stores carbon, and in their native forest, which they manage. They have natural capital accounts that show how they are managing and growing carbon and wildlife and ecotourism and making rain for the people downstream and I think we will see more of that in the future. I just caution—it cannot just be government being the one that automatically gets the State forests, as increasingly they will all be handed over to somebody.

**The CHAIR:** Can I just pick up on another point where you talked about transparency? You say, "Transparency on all explicit and hidden subsidies". I just want to pick your brain in terms of what subsidies you think are hidden or are not fully transparent. Have you got some examples?

**Dr BLANCH:** Okay. I am not the best people to speak on that. Others might have been who talked this morning, or Ms Young or Mr Dunnett. I think how much the taxpayer provides when Forestry Corporation needs to provide more wood supply because logging contractors cannot get access after fires—that is one. The cost to water supplies from erosion and eroding, particularly on very steep slopes—that is significant. That cost is borne by somebody. The biggest one is not allowing forests to grow into 300- or 400-year forests. There is an opportunity cost in forgone carbon storage, which we need. We all need that. Taxpayers in New South Wales need that to get to net zero and steep cuts by 2030. So when we log them—

**Ms YOUNG:** That cost is never covered. It is never considered.

**Dr BLANCH:** It is not covered.

**Ms YOUNG:** It is never, ever considered. Nor is—and this is a relatively new thing so you cannot be too critical about it—the increasing evidence of increased fire severity and risk directly associated with logging. Now, that is a huge cost to the community and it will get worse. These are some of the things that are not even necessarily considered as costs at this juncture.

**The CHAIR:** Can I just pick up on costs? Dr Blanch, you were talking about how sometimes National Parks may not be the best person to manage—or your private sector investment in management or handing to the Aboriginal people to manage it in a traditional way. We heard evidence this morning that, in terms of cost per hectare, national parks was around $125 per hectare whereas State forest presently is $9 per hectare. Some of that they seem to attribute to more allowable activities in State forests versus national parks. Given your statement, with the current cost figures there, do you think it is probably best that National Parks maybe do not manage an increased expansion of forests if their cost is so demonstrably higher than what it is with State forests? Obviously, without some significant changes it would seem that it is uneconomical.

**Dr BLANCH:** [Inaudible].

**The CHAIR:** I think you are just on mute, Dr Blanch.

**Dr BLANCH:** Sorry. Clearly I did not get a PhD in using Zoom. I think the key thing—

**The CHAIR:** None of us did.

**Dr BLANCH:** I think the key issue is what is, for the money that goes from the taxpayers to support the logging industry—public and not public subsidies—the best use of that money? I want more money to go to forest industries, timber communities and forests. I do not want less. I want more. But they should be transparent. We should not assume that just because we have done something in the past we should keep doing it. I do not think we should consider just keeping doing native forest logging because we have always done it or, when we phase out native forest logging, give it to National Parks. I think we have to innovate, because a lot of those forests will need a lot of restoration and the National Parks and Wildlife Service—it is not their expertise. It would need other input.

**Mr DUNNETT:** Could I also add to that? I mean, I did work for the National Parks and Wildlife Service for a quarter-century and had some involvement in the cost planning at the statewide level. I would suggest really

strong caution about that $150 a hectare figure. It is worth remembering that, while national parks and other reserves comprise about seven million hectares across New South Wales, the vast majority of those funds is spent in a relative handful of high-visitation reserves, particularly around metropolitan Sydney—so places like Royal, Ku-ring-gai Chase, Blue Mountains, Garigal, Lane Cove, those intensive urban reserves.

In fact, the cost of, if you like, the wilderness and the forest parks is vastly lower than that because in those places you are talking about fire trail maintenance, you are talking about edge maintenance—in other words, fencing—and you are talking about pest and fire management programs, all of which should be occurring irrespective of what category of Crown land we are talking about. So I would have no confidence at all in the figures you have been quoted as a point of comparison between what it would require for the State to appropriately manage those lands if in one of the categories under the National Parks and Wildlife Act as opposed to State forests.

**The CHAIR:** Thank you. My time has expired but I will foreshadow that I will probably have some supplementary questions to you, Mr Dunnett, on some of those figures and trying to get a bit more clarity. I will now throw to Mr Farraway.

**The Hon. SAM FARRAWAY:** I do not have any questions. I will throw to one of my colleagues, Mr Martin or Mr Poulos.

**The Hon. PETER POULOS:** I am happy to step in. Dr Blanch, I am interested if you could unpack some of your observations in terms of how you could see our review into the industry and the role it could play in terms of perhaps accelerating our pathway towards net zero. I think there is a clear objective in terms of the challenges that the environment and our climate faces. Perhaps the industry could see itself as a role model in this regard. Any thoughts on that?

**Dr BLANCH:** Thank you, Mr Poulos. I must say, after I saw the reactions from the West Australian loggers around Manjimup and Nannup in south-west Western Australia a couple of weeks ago—how many people said they never saw this coming, there has been no consultation, it caught them completely unawares. And yet I have talked to people who are involved in government and in the industry who have been consulting for years on this. And I think it is unfair not to foreshadow an intention—"This is the pathway we are going." So if the inquiry said, "We think there should be a planned, well-consulted, very well-funded process to transition out of native forest logging"—or industrial-scale native forest logging; there might be small scale that is still very sustainable—I think that is really important because it helps give people time to prepare. We should not just drop an announcement on people who often are just doing their job. They are out in the bush a lot and they do not get time to read all the newspapers and go to meetings. It is not fair to have a really disruptive and, to them, sudden ending of the industry. That is not fair.

If the inquiry were to say, "Well, we think on balance we need that transition and it has got to be fair and we have to consult", I think that one thing that would be good is if—and I went through the whole reform of the Murray-Darling Basin and water and it was very, very hard. But we all used to meet and talk together regularly because governments made that consultation happen. It was painful but we understood what each other thought. We do not have that in the logging versus non-logging debate now. There is not a process for that—a process where people have to come together and try to work out a way to get to an end that government says, "That is where we are going." I think that would be really useful. And it might save people being caught unawares in the years ahead when a future government inevitably will have to say, "We have to save our forests for the carbon accounts, not to log it, and then we need to grow a plantation industry." We cannot wait for 10 years and then decide "Oh, now we should expand the plantations." We cannot wait that long.

**The Hon. PETER POULOS:** Thank you. Did any of the other witnesses wish to provide any input?

**Ms YOUNG:** There is probably more to unpack here, again, than we have got time for. But the financial benefit to the State of allowing forest to regrow and the impact that would have on the State's 2030 commitments is very substantial and should provide an avenue to help transition industry and workers really quite quickly and perhaps exit some workers. Some people may be happy to go. There is a broader discussion that needs to happen. It is not a "one size fits all" kind of problem, I do not think. Having a genuine dialogue, which I have been part of in Queensland and I am again—and also I can recall meeting with timber workers and millers in East Gippsland many years ago. A lot of them were really looking for an alternative to a very uncertain, high-risk industry where wood supply was declining and not finding the sort of support they wanted for their families and children to actually change jobs.

I think there is a lot of things that could be unpacked here if you did set up a dialogue that was perhaps less dominated by—that actually created a space for some of the smaller players in the industry, because the bigger players tend to dominate and they have their own economic agendas that do not always well match and align with

some of the smaller mills and smaller players in the sector. That is just another thing to bear in mind. But carbon should open up an economic pathway for the State to be able to afford to do much more. This is a relatively inexpensive way of making a significant contribution to the State's greenhouse gas accounts.

**Mr DUNNETT:** If I could also add, if we are talking about a future transition of workforce and workers from one industry into other forms of land management, this is hardly the first time this has happened.

**Ms YOUNG:** That is exactly right.

**Mr DUNNETT:** As I said before, I have had a long career in national parks and some of the very best park workers I worked with were formerly forestry workers. A big part of the reason for that is that there is a core set of skills that go with land management irrespective of whether the ultimate goal of that land management is purely for conservation outcomes or for multiple uses. So it goes back to those issues of pest management, fire management, basic infrastructure. By signalling intent and providing a credible pathway, we are actually assisting those communities in thinking about what that public estate is going to require in terms of the workforce and what their role might be.

**Ms YOUNG:** That is a very good point, Gary.

**The CHAIR:** Are there any other questions from the Government? No? With that in mind, that concludes the questioning of—

**Mr JUSTIN FIELD:** Excuse me, Chair. Is it possible to have some of that time that is left remaining transferred to other members?

**The Hon. SAM FARRAWAY:** It is not how we have done it with the other committees, though.

**Mr JUSTIN FIELD:** Fair enough. It is just that we have asked these witnesses to come along to the inquiry. We have got a few minutes left. If people are not happy to have that situation, I understand, Chair.

**The CHAIR:** I would probably have to look to convention and say that it has not been done in the past. Given that we are only talking about four minutes, I would suggest that we put those questions as supplementary questions. I do not think we would be able to equitably distribute four minutes, to be fair. I thank all witnesses for coming and giving their submissions and evidence. I believe some questions may have been taken on notice. I do not think 45 minutes is enough time to scratch the surface on this issue, so I foreshadow that there might be quite a few supplementary questions coming to you all. But, once again, thank you for your time. That concludes today's hearing.

**(The witnesses withdrew.)**

**The Committee adjourned at 12:25.**