

REPORT ON PROCEEDINGS BEFORE

**PORTFOLIO COMMITTEE NO. 4 - REGIONAL NEW SOUTH
WALES, WATER AND AGRICULTURE**

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

CORRECTED

At Tumut Golf Club, Tumut on Tuesday, 8 February 2022

The Committee met at 1:30 pm

PRESENT

The Hon. Mark Banasiak (Chair)

The Hon. Wes Fang
The Hon. Peter Primrose
The Hon. Peter Poulos
The Hon. Martin Taylor
The Hon. Mick Veitch

* Please note:

[inaudible] is used when audio words cannot be deciphered.

[audio malfunction] is used when words are lost due to a technical malfunction.

[disorder] is used when members or witnesses speak over one another.

The CHAIR: Welcome to the fourth public hearing for the long-term sustainability and future of the timber and forest products industry. Before I commence I would like to acknowledge the Wiradjuri people, who are the traditional custodians of this land upon which we meet. I would also like to pay respect to the Elders past, present and emerging of the Wiradjuri people, and extend that respect to other Aboriginals present. Today we will hearing from representatives of the Softwoods Working Group, the Australian Forest Contractors Association and various local councils, as well as a local landowner from the region. I thank everyone for making the time to give evidence to this important inquiry.

Before we commence I would like to make some brief comments about the procedures for today's hearing. Today's hearing is being broadcast live via the Parliament's website. A transcript of the hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, media representatives are reminded that they must take responsibility for what they publish about the Committee's proceedings. While parliamentary privilege applies to witnesses giving evidence today, it does not apply to what witnesses say outside of their evidence at the hearing. I therefore urge witnesses to be careful about comments you may make to the media or others after you complete your evidence.

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 at hand. In those circumstances witnesses are advised that they can take a question on notice and provide an answer within 21 days. If witnesses wish to hand up documents, they should do so through the Committee staff. In terms of the audibility of the hearing today, I remind both Committee members and witnesses to speak into the microphone. Finally, could everyone please turn their mobile phones to silent for the duration of the hearing.

MR PETER CROWE, Chair, Softwoods Working Group, sworn and examined

MS DIANA GIBBS, Economist, Softwoods Working Group, sworn and examined

The CHAIR: I now welcome our first witnesses from the Softwoods Working Group. Would either of you like to make a short opening statement before we proceed to questions?

PETER CROWE: Mr Chair, thank you very much for the opportunity to meet with the Committee today. We look forward to answering all your questions. Our submission provides a more detailed response to the terms of reference for this inquiry, and we put quite a bit of effort into that. Our focus is solely on the role of softwood plantations and the processing activity based on this fibre resource. The key points that we would like to emphasise—and we can address them in any amount of detail—are that there has been a shortage of timber products nationally for many years; in fact, over 100 years. The plantation resource has been in gradual decline for over 10 years. The future prospects for the plantation growing sector and the associated processing industries is extremely promising if action is taken now to address the issues we have identified in our report. We just cannot keep talking about it.

While the 2019-20 fires have damaged the industry, they have not destroyed it. The recovery effort has been an excellent example of private/public partnerships. Despite these fires, the plantations and timber industry in the regions is still the biggest socio-economic game in town. We wish to table a summary table indicating the dimensions of this economic impact. It is bigger than agriculture and bigger than tourism by several orders of magnitude, in fact. The plantation estate needs to be expanded to address national as well as regional issues, and the State Government needs to get more involved in that expansion effort. We have prepared an options paper as to how this could be addressed and we wish to table that document. Fire prevention and management are critical issues—and I cannot emphasise fire management enough—that require a significant review to ensure the existing and new plantation resource is adequately and effectively protected.

In summary, the South West Slopes has a world-scale softwoods timber industry. Our processing mills are globally competitive and modern and rank amongst the largest of their kind in the Southern Hemisphere. The industry is highly integrated. That means just about every gram of fibre that is grown is used in some way, either as a commercial product, a fossil fuel replacement or for environmental protection in the forest. Our labour productivity is around \$500,000 per employee, which is a very, very high figure. Our urgent need to maintain this successful and sustainable driver of our regional economy is to have more trees in the ground—at least 30,000 hectares net in addition to the existing estate, and preferably more. This expansion will not threaten agricultural production, but it would involve the right trees in the right place at the right scale. Thank you, Mr Chair.

The CHAIR: Thank you. Mr Crowe, would you be happy to table that opening statement so we can get it right for Hansard, who are not here with us at the moment?

PETER CROWE: Most certainly.

The CHAIR: Thank you. The Committee has resolved to ask questions free flow, so you will be getting it from anywhere. I am looking for people to put their hand up. Mr Veitch?

The Hon. MICK VEITCH: I am happy to open the batting. I will go first. Thanks for the submission and thanks for coming today. We only get half an hour. Just how important is the softwood industry to the economy not just of Tumut but this region, down to Tumbarumba, and the communities?

PETER CROWE: In terms of processing plants and the things that we have been hearing most about, i.e. the shortage of housing timber, we have two of the larger mills in Australia located right here. Of course, we also have a third mill in New South Wales located at Oberon. It is interesting to note that basically all the sawmills that are producing the sorts of goods that we are finding are in short supply now are all Australian owned—Australian-owned families and Australian-owned companies. None of them are publicly listed, but it is a great sign, and those companies have continued to invest strongly despite the fact that the basic resource is in short supply. But the bottom line is: We are importing about a quarter, and I expect it soon to be about one-third, of the house frames that we use in Australia.

The Hon. MICK VEITCH: I know others will probably want to follow on from that, but I want to very quickly move on to other themes. In our travels today we have heard about the lack of training that is currently being provided to foresters in not just New South Wales but Australia, both at a vocational level—a TAFE level—but also at universities. Do you have views or suggestions on how that could be rectified?

PETER CROWE: I have been fortunate enough to be part of the old State Government undergraduate training scheme, and that was extraordinarily successful in the days of the old Forestry Commission. That required us to serve the organisation on graduation for five years. It is fair to say that the Queensland forest service and the

New South Wales forest service probably trained more foresters through their in-house cadetships than any other organisation has before or since, and I think a lot of lessons can be learned from that. But to put it succinctly, Mr Veitch, I think the organisations, given the support we are getting from Commonwealth and State—they need to lift their game.

The Hon. MICK VEITCH: Thank you. I know this is not going to surprise anyone, but I have got a chance now. Blackberries—weeds in general, but blackberries. In general terms, what are your views about how we can rectify the issue around blackberry growth in timber plantations? One, in your words, how bad do you think it is? Two, what is the solution to fixing this problem?

DIANA GIBBS: Can I jump in first about how important this problem is? Based on scientific research that has been done as to the impact of blackberries on tree growth because of the competition for water, the competition for nutrients and the smothering effect, the growth, the yield, can be reduced by—sorry, I am going to talk in mean annual increments. A mean annual increment on average is 16 or 17 cubic metres per hectare, per year. That can be reduced by up to three cubic metres by blackberries. If you value that out across the yield, we are talking about a \$2,500 per hectare loss just from blackberries.

The Hon. MICK VEITCH: Is that per year?

DIANA GIBBS: No, that is a total over the growth, but that is a very big number when you multiply it by the thousands of hectares affected. Peter, you can talk about the technical stuff.

The Hon. MICK VEITCH: Yes. What is the way forward, Peter?

PETER CROWE: Softwoods Working Group has taken on as a special project the need to address this problem seriously. At the moment we are assisting in, if I might use the expression, "rallying" all the interested parties so that we can get some decent research going. It seems that everybody knows about it. Everybody knows it is a problem. Everybody knows that you cannot go spraying Roundup everywhere forever, so obviously we are looking at a biological control mechanism. It is not just a problem for the foresters; it is a problem for the farmers. I have been looking at patches of blackberries all the way from Albury to Tumut today, and I will see them on another road all the way home. I think we have to make a concerted effort. We have been reasonably effective over the years at helping governments make decisions about policy and strategy, and we will certainly be pursuing this one very hard. Our executive officer has been extraordinarily active in this field and we think that we are starting to make a bit of headway, but there is more to come.

DIANA GIBBS: Mr Chairman, could I make a correction to an answer I gave just now?

The CHAIR: Yes, sure.

DIANA GIBBS: That \$2,500 a hectare is indeed per year, so that is about \$75,000 per hectare over the 30-year rotation. Thank you.

The CHAIR: I am looking at Mr Fang.

The Hon. WES FANG: Thank you, Chair. Thank you very much for coming and sharing your knowledge today. I know that you have been in this space for a long time and provided a lot of feedback and information to us, so that is really good. In relation to the proposal that you have put forward, we know that after the fires in 2020, particularly locally, we were able to ramp up quite quickly the production of seedlings and the planting out of areas. Generally within the softwood space there was a lot of collaborative work between the processors, the mills, the harvesters and the like. There is a lot of goodwill, it seems, in the industry, particularly in this area. If we were to go down this path, looking at the model that you have proposed, how much do you think we would need in land extra? How many hectares do you think would be sustainable to have an industry that is not oversupplying or that is going to create a glut of product later on? Obviously we have a deficit now, but we want to make sure that in the future we have a right number and a right model.

DIANA GIBBS: Thanks for that question, Wes. Before the fires, the processing sector in this region needed about three million tonnes of fibre a year. This region could only produce two million tonnes of fibre a year, so this region was already in significant deficit. Our whole supply zone has now lost about 40 per cent of its resource, so it has become even more critical. In answer to your question about what is sustainable, we desperately need more resource. If we were to plant 30,000 hectares more plantation, that would yield on average about half a million tonnes of fibre a year. So to make up that existing deficit of a million, we would need 60,000 hectares planted in this region.

Now, that is just to make up the deficit; we would ideally like to have access to even more resource for expansion within the industry. It is no secret that Visy has been contemplating putting in a third paper machine, but they are not going to do that unless they know that the resource will be made available. So I do not see a

situation of oversupply ever happening. This region is short. The country as a whole continues to import about \$2 billion worth of wood products every year. However much we ramp up our own exports, which are mostly hardwood chips, that deficit never seems to drop.

The Hon. WES FANG: So 60,000 hectares would be the minimum that you think we would need?

DIANA GIBBS: We have put in 30,000 hectares, realising that we have about 125,000 hectares—well, before the fires—in this region. We have done some analysis, which Peter will talk about, looking at land that is potentially available, given that we cannot clear native vegetation. We would be looking at cleared agricultural land and looking at the areas that would suit trees, which are not necessarily the beautiful, irrigated flats. I am sure Mr Graham, who is appearing before you later, will talk some more about that. We think it is realistic to start with about 30,000 hectares, but we would do that opportunistically as land became available for sale, rather than trying to do it all at once. So it might take 10 years.

PETER CROWE: Wes, just to enlarge on it from a national point of view, the nominal billion trees program that is being talked up by the Commonwealth equates to about 480,000 hectares. My view is that that is not feasible. I think that what we should be doing in the State of New South Wales is leading the way in planning processes to identify what areas are suitable for the establishment of plantations, both eucalypts and radiata and southern pines, because we are quite good at growing all of those species for their particular moments. I have been urging DPI Forestry to duplicate the work that we have done here and get some numbers together on a statewide basis so that we can fill out the numbers and say, "Okay, we think we have got this many hectares available. We think a reasonable program to fund is whatever it is," and work out some costs, see how we might be able to do it and fund it, see how we can bring other partners into the project, but generally get to grips with the issue rather than just talk, talk, talk.

That is all we are hearing—talk. The only people who have done anything concrete about the plantation expansion since 1990 has been the New South Wales Government. They are the only people who have done anything. I think we should bear in mind that the Government's involvement in plantation establishment across New South Wales—in particular in the South West Slopes—has been a very, very successful, if not the most successful, regional development project in New South Wales. Where else have you got a billion bucks worth of pulp and paper investment just over the hill? Each sawmill, by the time you get them fully set up and running—half a billion. Then there is the employment, which is fantastic, and more than anything else the skills and social benefits that are brought to these communities by the industry.

We are not talking about low-paid jobs; we are talking about high-paid jobs. We are not talking about low-level technology; we are talking about cutting-edge technology. For example, if you buy a piece of wood and it has come from Hyne sawmill, the first person that touched the wood would be the bloke who opens the pack down at Bunnings. I expect within 10 years, for example, that we will have completely autonomous harvesting machines and completely autonomous log haulage. That is where our industry is going. It has a proven record of leading-edge development. This is an opportunity, in our view, that is not to be missed; in fact, it is essential to Australia's future that we really do something about it.

DIANA GIBBS: Mr Chair, if it would help the Committee, I would like to table a national perspective prepared by the Australian Forest Products Association that talks about the future demand. We would be short 250,000 house frames worth of timber.

The CHAIR: Thank you.

The Hon. WES FANG: Speaking of house frames, that is where I was about to go. We know at the moment there is quite a wait for framing timber and to get the housing supply that we need to support rural and regional New South Wales and its expansion. Where are we going to get the timber if we are not able to get it locally? It is usually imported, is that correct?

PETER CROWE: At the moment imports are coming in from the Baltic states and, I am assuming, some from the west coast of the US and Canada, but we should not assume that that is always going to be the case. There are two very large economies on the other side of the equator whose wood consumption is going up and up and up. Just by way of example, my information is that Germany and some of the surrounding companies have been supplying up to 80 million tonnes of logs into China per year, and that is going to shrink down to about five million tonnes. Where are they going to get the other 75 million from? China has been scouring the world for logs and will continue to do so. If we think that we have got some sort of automatic right to have wood imported into our country, on our terms, at a reasonably acceptable cost to our building community and the people who want to buy the houses, we've got another thing coming.

DIANA GIBBS: Can I just add to that, Wes? We have been surprised that there seems to be no apparent connection between the shortage of timber and the wider economic implications and the need to get more trees in

the ground. The Softwoods Working Group—through our hub, actually, we are about to commission a serious bit of economic work to look at the national economic implications of the shortage of timber. Obviously there is the downturn in the construction industry and the lack of affordable housing, particularly in regional areas—but then, go on further. The move to alternative building materials—that congealed electricity called aluminium; steel; concrete. They have horrific costs in terms of carbon and energy, of course. Timber is the ultimate renewable. If we haven't got timber, the costs—economic and environmental—are very significant, which we believe puts even more pressure on governments to take a leadership role in getting more trees on the ground.

The Hon. WES FANG: Which is where I was kind of going with the question. You have taken it almost to where I was going to go. In effect, we are reliant on imports to be able to continue the housing construction boom that we are seeing at the moment. If that was to dry up, we have no ready-made domestic product that could actually support that industry. We are potentially holding back rural and regional housing supply because of the lack of timber. Is that correct?

PETER CROWE: Correct.

DIANA GIBBS: I would agree with you entirely.

The Hon. WES FANG: Yes, which has one of two effects: reducing the number of houses that can be built or increasing the cost to people.

DIANA GIBBS: And that is an impediment on regional development. I have recently done some work in Griffith, where they have identified the lack of housing as their biggest impediment to growth because companies wanting to expand cannot find houses for their expanded workforce to live in, so people will not come.

The Hon. WES FANG: Thank you.

The CHAIR: Do you have any questions?

The Hon. TAYLOR MARTIN: I think the Government has probably taken enough time, if others do.

The CHAIR: Okay. I just have one, because we only have a few minutes left. Thank you for this briefing note. Everywhere we have gone and at all the hearings, we have heard about the need to increase the softwood plantations, but no one has presented an answer or presented a way forward. You said you have spoken to DPI. Have you presented this briefing note to them? Have you presented this briefing note to anyone from the New South Wales Government? If so, what has the response been?

PETER CROWE: Yes, we have circulated this proposal very widely, and I would say it would have certainly been in the former Deputy Premier's office. I am certain of that. We will make sure that the new Minister actually gets a copy of it. But we have circulated this amongst our membership and, as far as we are concerned, it is a public document.

The CHAIR: Did you receive any feedback from DPI or the Deputy Premier's office or any Government circles that you have?

PETER CROWE: Everybody is quite surprised with the boldness of the proposal, but—

The CHAIR: Fortune favours the bold.

PETER CROWE: Mr Chair, for some reason or another—and Diana is the expert on this—people seem to think that if you buy land for forestry, you have to amortise the cost of the land over one rotation. In reality terms and in accounting terms, how do you amortise something to nothing when in fact its value is going up? My view of the world is that this is an accounting methodology direction that has been forced on Forestry Corp by the Treasury just to make sure that their proposals don't stand up. As Diana explains it to me, the value of the land is on your assets side of the balance sheet. You haven't lost anything. The virtue of Diana's great proposal is that the Government gets all its money back.

The CHAIR: Sounds like a winner. I am looking to Mr Primrose.

The Hon. PETER PRIMROSE: What you are describing is, as I understand it as a non-economist, equity. Therefore, it does not appear in any aspect of your government debt because it is equity, like every other [inaudible].

DIANA GIBBS: As set out in the briefing paper which we have tabled, the beauty of this is that capital barrier, which is so hard for the private growers to overcome when they have to buy the land up-front—if the Government takes that off their lists, the Government gets paid an annual lease fee, which ends up costing the grower more but is spread over 30 years. What the Government then ends up with is an item on their balance sheet which is continually appreciating, plus 30 years of, say, a 4 per cent or 4.5 per cent lease fee, which is agistment

rates. Thirty times 4.5 is more than 100. They get all that cash back and they have this appreciating asset on their balance sheet. We would have thought it is was win-win. If you then add the carbon market onto that for the private grower, they can meet the hurdle rates that become competitive with superannuation funds of around 7 per cent, which they cannot make if they have to buy the land up-front themselves.

The Hon. TAYLOR MARTIN: Are there any particular parcels of land that are identified as low-hanging fruit, so to speak?

DIANA GIBBS: We have identified them. We did some work a few years back—Peter can talk about that—looking within this area that was not highly valuable agricultural land but was within an economic haul distance of the mills. Yes, that land is available. Sorry, Peter. I am taking your thunder.

PETER CROWE: We have done a lot of investigative work over the years, and I have been an active participant in land purchase for a long time in my former position as executive general manager in what is now the Forestry Corporation. I reckon there wouldn't be a property in the tree-growing areas of New South Wales, if we could call them that, that we don't know about. We know them all.

The Hon. TAYLOR MARTIN: But that would be suitable for something like this?

PETER CROWE: Yes, but we have to wait for them to come on the market.

The Hon. MICK VEITCH: Just very quickly, people have raised the impact of the fires—the Dunns Road fire in particular. In very short dollar job terms, what was the impact of the Dunns Road fire to the Tumut-Snowy Valleys economies, including Tumbarumba?

DIANA GIBBS: We will be able to tell you that in six months' time, Mr Veitch. Everybody asks ask that question. At the moment, we haven't had the retrenchments that everybody feared. The mills are actively looking for new staff right now. The team from the University of Canberra that we worked with to do this report in 2017, of which you have an extract tabled, did some more work in 2020 just before the fires, obviously. We have asked them to come back—and they are starting work next week—to look two years after the fire, to use exactly the same methodology and to say "What is the economic impact of the industry now?" so we can compare them and see what the impact of the fires has been. But we do not want to just make guesses. We told the Government back in January and the then Deputy Premier—we have to credit him with coming down while the fires were still raging and asking us what we needed. The Government's response has been excellent. We said, "At worst, since we have lost 40 per cent of our supply zone resource, it could be a 40 per cent drop, which on a total output of \$2 billion, given the flow-on effects, could be \$800 million less economic activity in this region."

PETER CROWE: Per year for 30 years.

DIANA GIBBS: Per year. That concentrated his mind wonderfully well, and that is why we referred to this excellent example of public/private partnership. The Government, with the bushfire recovery grants, has really helped the industry adopt new technology, which they would have had to have done anyway. But it was the big shock that made them move now to improve their recovery rates; use lower quality, younger timber; and change their processing activity to be more efficient. So, actually, the only direction from here is up.

The CHAIR: Thank you. That concludes our time. It went really quick; I wish we could have another half an hour with you. Your evidence was brilliant and your submissions were excellent. Thank you very much for your time.

DIANA GIBBS: Our pleasure.

The CHAIR: We truly appreciate it.

DIANA GIBBS: I am sure if there is ever any other question you want answered, our trusty executive officer will send you anything you like.

The CHAIR: No problems. Thank you very much for your time.

The Hon. MICK VEITCH: And it's good to see you running marathons again, Peter.

PETER CROWE: I'm a bit past that, Mick.

(The witnesses withdrew.)

MR DAVID GRAHAM, Councillor, Cootamundra-Gundagai Regional Council, sworn and examined

MR GREG BLACKIE, Director – Engineering, Greater Hume Shire Council, sworn and examined

MR IAN CHAFFEY, Mayor, Snowy Valleys Council, sworn and examined

The CHAIR: I now welcome our next witnesses from Cootamundra-Gundagai Regional Council, Greater Hume Shire Council and Snowy Valleys Council. Before I open up to questions, I would like to publicly congratulate you, Councillor Chaffey, on your election as mayor. Well done and congratulations. Would any of you like to make a short opening statement before we proceed?

IAN CHAFFEY: First of all, having listened to Peter Crowe and Diana Gibbs give evidence on behalf of the Softwoods Working Group, which I, for many years, was a member of—I have not been involved in local government for five years; as such, I am a little bit rusty on my knowledge of the softwood industry. Suffice to say that the catastrophe of the Dunns Road fire and the impact on the softwood industry in 2019-20 has had a significant impact on not only the present, but it will have a significant impact into the future of the softwood industry in Snowy Valleys and particularly our neighbouring shires. If we hadn't had people with long-term vision that planted these pine plantations going back probably 70 years now, we wouldn't have found ourselves in the position of being able to supply part of our softwood or timber needs into the future.

To have not, in my opinion, protected the asset in an appropriate way—to allow the devastation that occurred—is probably negligent, to say the least. As to how we address it, I think we have to, as a nation, make up our mind whether we are prepared to plunder the rest of the world for our timber needs or whether we are prepared to grow our own. I think you would be naive to think that we could do that. I think we have to grow our own. I think that until such time as the nation comes to grips with that basic premise and embarks upon a program not only of replacement of the asset has been lost, but also to grow it—the population is growing. The demand for housing is growing. Just to give you a small example, my wife and I are building a house and we had to wait eight weeks for the framing timber, and it came from Western Australia.

That is a sad indication or indictment of the way that we have managed our resource in the past. If we are not prepared to grasp the nettle in the future, it shows a lack of moral fibre, in my opinion—no pun intended. I do not need to say anymore. I can be quite passionate about this exercise. I have seen the benefits that flow to our community from the softwood industry. I have also seen the benefits that flow to the nation from the ability to provide the product that we have and grow here so effectively and efficiently. We have probably the most modern sawmill in the Southern Hemisphere in Hyne, and an organisation from Scotland has just bought a major interest in the Hyne mill. They obviously see a future in it. I am staggered as to why our nation's leaders do not see a future. Thank you.

The CHAIR: Councillor Graham?

DAVID GRAHAM: Thank you for your time. Basically I have an issues paper here that I can hand to you just touching on the definition of long-term sustainability. A bit of my history: I am a fourth-generation landowner out at Adjungbilly. My children are involved and my grandkids are coming through. We have been there for the long haul and our country basically joins the Red Hill Estate, which was one that Peter Crowe, in 1986, pulled off 33,000 acres taken by the Forestry Commission, which is a substantial area that joins us. I have been a local councillor for 22 years and I have been involved in the Softwoods Working Group for 14 or 15 years. In relation to the issues, I will come to them in a sec. I will just reiterate that what you heard Peter and Diana say are the facts. We have a huge gap appearing between what we need to provide housing in this country, and we continue to have to rely on our overseas neighbours to import it. There is a clear mandate that we have to start to look at the key issues, which I believe is—to grow our productivity we need better plantation management to get the plantations returning an investment similar to what other agricultural industries are making.

We are now in a better time. I notice Mr Veitch is here. In 1986-87 he was on a handpiece in my father's shearing shed and the sheep industry had the reserve price scheme. When the reserve price scheme fell over, that was the opportunity for the timber industry to really take off, because the returns were a lot better. That is just one example. We need to optimise our productivity through what Peter and Diana said, through enhanced weed control; \$2,500 a hectare per year is a huge waste of money. Something biological is probably correct now. It is very, very hard, but it is something that needs to be addressed. We need to expand the existing plantations, and we also need to get far better at fire control. What happened in 2006 in Adjungbilly, where 6,000 hectares were burnt—the response to the sighting of that fire. It was six hours before anyone got moving. And then, the 2019 Dunns Plain—if you go back to the lightning tracking, transfer, this and that—again, it was six or seven hours before there was any movement or any reaction. We were all taught very early at a young age that if you go to fight fires, the first 15 minutes to half an hour is the critical time.

I have touched on other issues there. Seventy-five per cent of the emergency services levy is funded by our insurances and 12.5 per cent comes out of council rates when we get the bill from the State Government. When I first went on Gundagai Shire it was a \$20,000 top-up. Combined Coota-Gundagai now, we are close to \$850,000. It is not sustainable. Sorry about the local government issue, but that cost-shifting has got to stop because it is putting us right out the door. Again, it is the same people that pay their insurance premiums that are paying it again. The State Government has only got a 12.5 per cent interest in that and no control. When Peter Crowe was in charge of fire in this area, our greatest asset having Forestry as a neighbour was fire control. Less than 1 per cent of plantations up to the 2006 fire was lost in summer fires, which is an outstanding record and a credit to the ability of him and his team. That all changed with RFS.

We have upgrading of skills. We need to continue to improve our roads. As a local government member—you know, we are now using B-doubles. We need to build our roads to B-double standard. It will not be that long and we will probably be seeing triple-Bs floating around. Again, we have to take into account that, from a local government point of view, we have to make sure our roads are safe for school buses, individuals and everyone. There is what I see as the issues. Thank you.

The CHAIR: Mr Greg Blackie?

GREG BLACKIE: Thank you, Chair. I have been director of engineering with the Greater Hume council for the last 14 years and a member of the Softwoods Working Group, so I concur with all the statements made by both my fellow councillors beside me in that regard. I totally understand the industry. Whilst Greater Hume council has no major industries physically located within the shire undertaking manufacturing of timber products, it has one of the largest areas of land under softwood plantation in the south-west region. We have a lot of the forestry but not the industry at this stage. Council acknowledges that this is a very important resource to the supply chain to the timber industry and its viability and contribution to the overall economic prosperity of the region, which includes Greater Hume.

Clearly land under plantation is in short supply to the industry, and the addition of more land is required to keep the industry viable and prosperous. Access to the existing plantations, or possibly future plantations, is obviously council's main concern. Without the support of the New South Wales Government in the upgrading of road haulage routes in the future, council's small rate base will struggle to maintain these routes appropriately to a safe level. Without suitable access, it will impact the timber industry's long-term sustainability in the region. Council acknowledges the support already provided by the New South Wales Government in the upgrade of Coppabella Road, which is the main feeder road to one of the largest softwood plantations in the area, over the last few years.

However, more funding is required on roads such as Jingellic Road, which was impacted by the 2020 bushfires by the haulage of burnt logs following the fires. Council is very supportive of the timber industry, shown by its long-term involvement with the Softwoods Working Group, which has provided significant support in obtaining funding from the New South Wales Government for road upgrades and a forum for direct discussion with all players in the timber industry in the south-west region. I would like to acknowledge Peter Crowe in his leadership of the Softwoods Working Group over the past—all the time I have been in existence in the softwoods working team, he has been there. Thank you.

The CHAIR: Thank you. I will throw it to questions.

The Hon. MICK VEITCH: I will go first. Thanks for acknowledging my fine work on the handpiece, Councillor Graham.

The Hon. WES FANG: He didn't say "fine work", Mick. Let's not mislead the Committee.

UNIDENTIFIED: [Disorder]

The Hon. MICK VEITCH: At least it's on the record that I did actually earn a living as a shearer. It might not have been much of a living, but I earned a living. I have lots of questions. You would have heard earlier on the conversation around blackberries and weeds with Peter Crowe. It is an issue that has been raised with this Committee in submissions. It is a bit difficult; you might want to take this on notice if there is stuff for each of your respective shires. I suppose I will just be blunt: Do you think Forest Corp is a good neighbour when it comes to weed and pest management?

DAVID GRAHAM: Growing up and being there my whole life, Forestry is a good neighbour in many ways. When it comes to weed management, as we know, they are in the higher rainfall, so a lot comes down into your waterways. The blackberry issue and the St. John's wort issue particularly—and feral animals, I suppose—do add costs to our organisation. There is no doubt about that. But I have never had a problem in dealing with

Forestry with neighbouring fences and issues and access, and also working to get potential fire controls in place, and that type of stuff. It has always worked very well. There is always give and take in every relationship.

The Hon. MICK VEITCH: And it is good to have that on the record, as well.

IAN CHAFFEY: I think there is give and take. I do think that blackberries are an issue. Having said that, there are other compensating factors that the Forestry Commission come to the party with. I think you only have to look at well-managed plantations versus ones that are not, to see the increased or greater performance of the actual product. It is as plain as a pike staff. Why they do not prune pine anymore I would not have a clue, but the management techniques have changed over the years. I know there is a cost associated with better management of forest environment, but I am sure that is reaped in the quality of the product that comes out and you can see that in what is being harvested now because there is a desperate need for the product.

GREG BLACKIE: With regards to Greater Hume, I think forestry corp is one of the best forestry managers we have got. There are number of forestry managers that are in pretty good league, but there are obviously the short-term owners that sometimes do not perform that well. But generally we have no concern with them. Yes, there are blackberry problems, but there are blackberry problems among a number of other weeds that we have to deal with. We look after high-level rainfall right into the grazing country, and St John's wort and other things are a major issue to us other than blackberries. Yes, it is, but I think they do a good job.

The Hon. MICK VEITCH: I want to move quickly down to roads. I am not sure whether it was Mayor Chaffey, but one of you mentioned the strategic improvement of the timber haulage roads and the amount of money that goes into it. I came over from Bombala the other day to come home and just the condition of some of the road surfaces is clearly impacted upon by the size of the trucks and the amount of traffic. What is the best way; because you can just throw money at this stuff and have no real result. What is the best way to strategically go about improving roads that are involved in the haulage of timber in this part of the State?

DAVID GRAHAM: Good point. If you go back in history—and I was talking to the mayor just prior to coming in—in 1973 the Barnett report said 2 per cent of gross taxation received should go to local government. At the moment it is 0.4. So all of a sudden we have a situation in local government where we are trying to get more and more money for roads and safety, whether it be the timber industry, our livestock industry, our quarry industries, whatever industry our roads support. But we have not got the level of funding to get the standard up because we have gone to bigger machinery. We need bigger, wider roads for B-doubles, and we have triples not far away. That in itself is a real big issue for local government, is the funding. It does not solve the problem you're talking about. The techniques in road construction, I believe, have improved out of sight, particularly with the utilisation of stabilisers and the line going in and re-utilising that product has reduced the cost of how you can improve a kilometre of road.

IAN CHAFFEY: I think the Softwoods Working Group identified many years ago the pine haulage routes, which has done a lot to focus the expenditure of funds. The Gocup Road is a classic example of a high-volume route that has been upgraded in recent times. You look at main road 85 that goes all the way into Tumut. A lot of product comes out of Victoria and into New South Wales, particularly to Hyne but also up here to AKD and Visy. I think the impact on the road as a result of the fires has been quite significant by virtue of the volume of product that has been carted over the road in a desperate attempt to utilise as much as they could before it was no longer a proposition.

Look, it is like everything else that happens in this country, we tend to be lagging rather than leading. We do not identify our problems. I do not believe we spend our money where we make our money and road haulage in the timber industry is essential, not only to get the product to the mill but to get the finished product out of here to wherever it needs to go. Until such time as we get that right, and I am not sure that we ever will but there is no reason why we should not try, road haulage will be a problem, keeping abreast of the damage that is done; and a lot of it is dependent on the weather.

GREG BLACKIE: In regard to it, we have done a road transport haulage study strategy as part of the Softwoods Working Group, we have kept updating that and it has been great to support getting funding for certain roads. I think maintaining where plantations are on those specific road networks, rather than have them scatter all over the countryside, is something that I think we need to look at. We are finding most of our road damage gets done by—I hate to say them—rogue operators that are running out of small plantations suddenly running on a small network with no discussion with us, and they simply can destroy some of our local roads because they are simply not up to the standard. All the main players of the game—like forestry corp, Hume Forest and PF Olsen, HVP—come and have discussions with council and say: Look, we have got some haulage we have to do, how can we help you do this? And they actually help us do some maintenance and proactively work with us to support getting that timber out.

We support them by, where possible, allow them to have B-double permits where roads are not B-double approved, and we come to an agreement over doing certain things. And that is how we work with the industry. Unfortunately, like you have said there are a few rogue operators, especially after the bushfires, that completely destroyed some of our network in some areas that we have shown to our State member and things like that. It has been disappointing to us. But they pick up the logs, they send them down and they send them overseas. I think they are the people we need out of the game. We should be more associated with a larger players that do the right thing.

The Hon. MICK VEITCH: Just a quick question that you can all take on notice, because Wes has a few questions, I think. I have not got my head around the new merged council entities and the non-relatable land that you have in the new shires. I am not sure if you have that to hand. If you have not, could you take it on notice?

The Hon. WES FANG: I am not in a rush.

IAN CHAFFEY: This non-rateable land exercise has been an issue that has been there for years. We could say we want to rate it, but all of a sudden we are responsible for a road network. Do we want that? You have to be careful what you wish for, you know. Somebody needs to sit down and critique this before you rush out and say pay rates, because you look at the extensive road network within the forestry system—it would be horrendous.

The Hon. MICK VEITCH: Mayor Chaffey, one of the things that was put to us, or somewhere, was rather than rating you look at a royalty based process—

IAN CHAFFEY: Stump tax has been looked at in the past too.

The Hon. MICK VEITCH: —which is often referred to as a stump tax. What I am really after is each of the shires, the new entities, what is your non-rateable land at the moment. Pretty much I just want that on the record.

The CHAIR: Before I throw to Mr Fang. Mr Blackie, you mentioned the road haulage study. Would you be able to provide that to the Committee on notice so that we can see where the greatest areas of need are.

GREG BLACKIE: Yes. Diana Gibbs, who is here, she will have a copy. And Peter Crowe will have it. There are copies easily available. They have been publicly distributed, but I am happy to send one to you.

The Hon. MICK VEITCH: Just to follow on from that—sorry, Wes—you were talking about the industry came and talked to about the haulage requirements. Do they do that prior to starting to harvest a new area? Do they come and say: Look, in 12 months time we are about we will be opening up this for harvesting. So the council can in the works program plan for that by doing maintenance requirements for the road?

IAN CHAFFEY: That is correct. The main players, or what I call the main players or the better organisations, do come talk to us in those time frames. We have one arrangement that they are going to be hauling out for over a seven-year period, and they come forward and we negotiated an agreement for an upgrade of the road network prior to them doing any work. Also, all the land owners that needed the road, the school bus operators, we could speak to them and negotiate that agreement well and truly before they commence any harvesting operations. We have got clear cases where that has occurred and, like you said, unfortunately the bushfires created a volume of areas that, anyway, other companies got involved and decided to do what they wanted to do because they chose to.

DAVID GRAHAM: However, local government does have the option, particularly if it is a rural local road from preventing them from travelling on it. Having said that, you have to be there to stop it and sometimes the damage can happen overnight.

The Hon. WES FANG: Thank you for all coming and appearing before us today. I am going to stick with the issue of roads just for the moment. It is certainly something that we have heard from a lot of the players and stakeholders, especially over the last couple of days, that because of the loss of fibre locally we are having to bring in a lot of fibre from other places. So where perhaps at one time 150 kilometres was a long distance to transport a load of timber, now we are seeing distances of up to 800 kilometres. Obviously that is going to have an impact on roads, it is going to have an impact on traffic and is going to have an impact—hopefully not too drastically—but potentially on safety. Mr Blackie, you said you had done some studies on roads that are associated with movement of fibre around your Shire. Have you had any experience with the increase in movements now that we are having to bring it from further distances, and the impact that has now but potentially also in the future? If we do not start increasing local harvesting and local production of fibre will we see a greater cost on roads in the future, a greater cost to safety, a greater cost on the ability to get around because of the increased movements of that fibre in the shires?

GREG BLACKIE: There is no doubt there is going to be a change in impact with bringing fibre from further away. We have not done the studies or assessed that because obviously determining where that is coming from and how it is going to get to its location is something that the Softwoods Working Group will be looking at holistically. It will change what the current impact has been, because there was an ongoing arrangement with the need to supply the mill. Suddenly we have had the fires and we have suddenly ramped up to get out what they could out of what was burnt. That put a massive increase on the network. Suddenly now there is a big chunk sitting out of that. So suddenly, yes, there is going to be trucks bringing timber in from elsewhere. But where, how and why—why, they have to get there—where is what has got to be determined and the impact on the network. No, that has not been done because obviously this has only just happened over the last 12 to 18 months.

DAVID GRAHAM: One of the issues is essentially that the road network will change. But the road network that will be hauling the product in on is the one that they will be hauling it out on, essentially. It will be on the national road network until it gets to this neck of the woods for processing. It certainly will change the dynamics of the way the volume moves across the road network. If we can contain them to the existing road structure, it is theoretically designed to carry the load now. We are using a different side of the road now. We are bringing it in on the road that we designed to take it out on, so that may well have an impact. It has not been planned for. Knowing the way the Softwoods Working Group works in these areas, they move pretty quickly to identify what the issues are and then put a proposal. The problem is what sort of response or how quickly the Government responds to that. They are bringing, I believe, timber from Nungle, which is up near Tamworth, and there is also a proposal to bring it from Mount Gambia.

The haulage routes are quite significant and the dynamics of that changing environment is going to force an escalation in costs. At some point someone is going to have to wear it. That really hammers home the point of growing the product where it best grows, closest to what is excess capacity at this point in time. The idea of planting a pine tree and expecting it to be online in less than 30 years is pretty naive. They are out there planting 8,000 hectares every year for the next six years at least, and that will only replace the stuff that we have lost, but that is creating a glut at a particular point in time in the future. Now, you can spread that. Having said that what do you do then? You have to keep going. We have to keep planting the product and once you reach that critical mass you have the rotations coming through. But we are not at the critical mass of land available for fibre in Australia by a long shot. When you think you can import \$2 billion worth of product into a country and then based on the fact that we have lost 47,000 hectares of it, that volume is going to increase.

The Hon. WES FANG: Are you aware of the Softwoods Working Group's proposals that we increase the amount of land that is available to put in more plantations? You would be aware, obviously, that proposal basically is an opportunistic one where the Government would buy land when it becomes available for sale. That creates a situation potentially that you have got this piecemeal arrangement for plantations. Coming back to some of the issues that were raised earlier. Does it create an issue for local government around planning? Does it create an issue for local government around maintenance of access roads? Does it create an issue for perhaps fire suppression? I note that a lot of you actually raise that point. We can debate the merits of how likely we were to be able to stop what occurred here a number of years ago, but obviously we know that pine plantations in particular are susceptible to fire. We saw that. From that perspective, if the Softwoods Working Group model was to be adopted in part or in full, what impact would that have for local government and how would you look to work with the State Government and also the private operators who would be leasing the land, to ensure that it is a smooth transition?

IAN CHAFFEY: Wes, I can give you a live example. There is 800 acres that I pretty well surround, that was bought only around about 420 metres above sea level. It was when they ventured down that way to see whether the pine would grow down that way and the production of the pine trees is pretty ordinary, to be brutally honest. The issue that you raise about the roads. That plantation has been going now a bit over 30 years and they still are trying to make up their mind and work with local government as to how they are going to log out of there back up onto the main roads. Because local government's position is: If you want to utilise that you need to fund the cost of upgrading the road and the safety of the school bus route to get back onto the main road. It is a real issue. The actual cost is what chases them away because the production system, the timber that is going to come out of there is going to be very ordinary. The lesson out of that is: (a) when they look at land acquisition they need to be buying land at probably 650 metres or better above sea level, where you have got rainfall. That block has certainly proven that. Also, building on to the existing infrastructure they have got I think is also very, very important, because just bobbing up here, there and everywhere is going to be a nightmare for local government I think.

The Hon. WES FANG: It is that perspective that we need to have, I guess. A collaborative approach to this because we might look to do one thing and potentially run a trial and we might buy a number of blocks, but that piecemeal nature will affect local government. It is very good to get that perspective of how you would approach the situation. It is going to affect you with planning, roads, et cetera.

IAN CHAFFEY: I think there is a classic example in the MIS scheme. That brought about random development of plantations across our neck of the woods. It is important that it is confined within an area. We know where pine grows best. There is no point venturing into places where it is not value for dollar. So it has to be confined. You have to take into account the road network to ensure that you can get access to it in an appropriate way because the impact can be significant, particularly if they are clear-felling it. There are a lot of parameters that need to be taken into consideration. I think the MIS scheme identified the impact of random plantations across the environment. The other thing is, of course, the community was up in arms when the MIS scheme came and they were paying somewhere between 1,200- and \$1,800 an acre and they are now paying \$10,500 to \$11,000 an acre. That in itself will, in my opinion, restrict where the pine plantations go by virtue of the fact that land at that price has obviously got potential for other activities other than growing pine. All those parameters impact on where you have it.

The Hon. WES FANG: That leads to my last question before I hand back. How do you then, as local government, manage existing uses of land versus what is potentially a new use? For example, an agricultural business next to a pine plantation, how do you manage—

IAN CHAFFEY: The interaction.

The Hon. WES FANG: Yes. How do you manage that? If you have this piecemeal nature where they are placed all around the area there is going to be conflict, there is going to be issues. And again it is very easy to have a proposal but it is that nuts and bolts thing where we go: We did not think of that beforehand. Now is your opportunity to say this is how we think we could tackle it.

IAN CHAFFEY: I think there has been plenty of examples in our previous history where the issues have not been properly thought through, not just dealing with pine. If we are going to go down the path of growing pine as an essential part of our economy we are going to have to do all this research in the first place. Because as you say you can end up with a lot of unintended consequences that can come back and bite you on the armpits, for want of a better term. It is a reality of dealing with these issues. Look, I think in the past the Forestry Commission, if you go back to the early days and I am going back to the sixties where people had obviously considered where to plant it, where the best road network was to deliver the product to the mill and also get it out to the market.

With the MIS scheme we had this random selection, for want of a better term. It has left a legacy. It is interesting to see because a lot of the MISs that have been harvested are going back to agricultural country. That in itself tells you that it was not well considered in the first place. It is essential, and the first question that has to be answered is: Are we going to go down this path and if we are we need to do a lot of research. A lot of it has been done. I think the Softwoods Working Group has been a very effective organisation over the time and I think it goes back to the eighties, if my memory serves me correctly. They have been at it for a long time. They have a vast knowledge of the issues that need to be addressed. But having said that you have raised an issue that has to be considered.

The Hon. MICK VEITCH: I still have questions if there is time.

The CHAIR: Yes, we still have time. I will throw back to you.

The Hon. MICK VEITCH: Councillor Graham, you talked about the fine work that forest corp does around their work with bushfires. Can you just elaborate a bit further about that. Are you talking about when the fire occurs or the preparation for bushfires, like the fire trails and that sort of stuff? Just to give the community here a bit of a heads up about what you are talking about that they do well.

DAVID GRAHAM: Previously, as I said, our greatest asset in the summertime was the Forestry Commission beside us because they had spot towers and lightning tracker devices that came in. They had spotting towers and used to have machinery, little D3s and tankers, all supported with men all located around their plantations. A fire would start or smoke would be seen and within 15 minutes to half an hour they would have the gear there, they would have a response, and you would have the little D3 going around the fire. If it became evident that you needed heavier machinery in there, in that would come. It all comes back, Michael, to response time. That first 15 minutes to half an hour is critical. Normally the fire, when it starts, is in the roughest, hardest spot to get to.

The Hon. MICK VEITCH: Yes, lightning can strike in places.

IAN CHAFFEY: It is just a fact of life.

DAVID GRAHAM: You are dead right, if you go back to the old days of the Forestry Commission in full swing, they had crews on standby during the fire season ready for immediate response. Whereas now the response time is just too long.

GREG BLACKIE: I know for a fact in that 2006 one out there towards Adjungbilly, the towers were not manned and they should have been manned. Had they been manned they would have spotted it and it would have been under control in no time. It is how that fire started was someone took a car there and lit the car in the pine plantation. That is how that one started. It is just critical. Over many, many years I know Peter Crowe in his history in forestry, less than 1 per cent of plantations burned up when he was one of the leaders in that organisation. That just speaks volumes. We still had plenty of big fires. I know out our way at Nanangroe—it grows under the pine now—but out that way in 1972 in the middle of a rip roaring drought, a fire started from nowhere and went right through to the Burrinjuck Dam and basically the edge of Canberra very, very quickly. The forestry in that fire, again, was absolutely outstanding in controlling it back and keeping it within the confines of where it was going to go.

DAVID GRAHAM: I think one of the biggest problems we have today is people cannot make up their mind who is actually responsible. By that time it is no longer something that can be managed, it is unmanageable. The 2019-20 fire was exactly that.

GREG BLACKIE: Too many chiefs and not enough Indians.

DAVID GRAHAM: That is right. Yes. There is too many. Maybe they should leave it to the people who know the country better than those who sit in headquarters and try to direct the fire. We will not go down that path.

The Hon. MICK VEITCH: That may be the basis of another inquiry, not this one.

The Hon. WES FANG: If we are talking about the 2019-20 fire, I think the guys that were on the ground there did a reasonable job.

IAN CHAFFEY: The guys on the ground, I do not have a problem with them. You have only got to look at the local knowledge that those firefighters have. I am being blunt here, it is a pity they were not listened to in some instances. The local knowledge is the thing. Where does the fire go? How does it react? These people have experience.

DAVID GRAHAM: They know the behaviour.

IAN CHAFFEY: They know the behaviour of the situation. They are the people that should be listened to. You speak to them and the level of frustration they have is significant. They feel as though their accumulated knowledge over years is not regarded. That is sad, really.

The Hon. MICK VEITCH: Each of your communities, your councils, have a large number of employees involved in the timber industry: Not just in forest corp but in the mills, the haulage and all that comes with the timber industry. Since the 2019-20 fires, do those individuals who work in those industries feel secure, do they have a long-term future in the timber industry at the moment? What is your sense?

IAN CHAFFEY: My sense is that we have not got a lot in my local government area. Initially there was a sense of scared what is going to happen, but as it has folded out that stability has certainly—

DAVID GRAHAM: Calm.

IAN CHAFFEY: —yes, calm returned. They are very, very comfortable. Our biggest issue is housing shortage.

DAVID GRAHAM: Some of that is driven by the COVID experience. People are identifying the opportunity to move to the bush, they are identifying the fact that they can work from the dark side of the moon. The reality is that people are moving to the bush and that is creating a demand for housing certainly. I know in Tumbarumba and Tumut finding rental accommodation is quite difficult. However, I think as a result of the fire there was a lot of concern immediately after it. The damage that was done was quite apparent. It seems to be stabilising now and, as I said, there is an expectation that we will manage the outcome certainly in the short-term and even in the longer term. The volumes will not be there. They will just have to be more effective and efficient in the way that they go about their business. Probably the people who have suffered most as a result of the fires are those who have lost their homes and are finding it very difficult to cross the necessary obstacles to rebuild. That is probably the biggest trauma in the community.

GREG BLACKIE: Small businesses in the towns seem to be going from strength to strength.

The CHAIR: I might just throw to Mr Primrose for one final question.

The Hon. PETER PRIMROSE: Just very briefly. The proposal for a situation where the Government owns land and then leases it to private forest operators at a commercial rate: If that eventuates, what opportunities

are there under that arrangement for local government to levy rates and charges, and on whom would they be levied?

IAN CHAFFEY: Again, it depends on the mechanism that is used. If you were to lease Crown land from say the Department of Lands, not only do you pay a levy to the Crown Lands department but you pay rates on that land, right.

DAVID GRAHAM: Just interrupting. Didn't the State Government bring out legislation where they said that any future land acquisitions for forestry, forestry were going to be required to pay shire rates?

The Hon. PETER PRIMROSE: That is why I am asking you guys.

DAVID GRAHAM: Wasn't that two or three years ago when they came out with that \$24 million land package. They said if we acquire some land, well then local government rates can still be levied on that land.

The Hon. PETER PRIMROSE: How about given the time, would you mind taking that on notice?

IAN CHAFFEY: My word, yes, we will certainly take that on notice.

The Hon. PETER PRIMROSE: I actually think it is important given all the issues about costs, having you clarify would be valuable so we understand. Because otherwise I do not want to have a situation where I may be endorsing something that actually leads to [disorder].

IAN CHAFFEY: I agree with you wholeheartedly.

The CHAIR: That concludes our session here, guys. I do believe you took a couple of questions on notice, including that last one. The Committee secretariat will be in touch and you will have 21 days to respond and get an answer back to us. Once again, thank you.

IAN CHAFFEY: So, we have 21 days.

DAVID GRAHAM: Nineteen for you

IAN CHAFFEY: That would be right.

The CHAIR: Once again, thank you for your time today.

IAN CHAFFEY: Thank you very much for the opportunity, we really appreciate it. It is something that we really have to get our minds around, that is for sure. I have got a little submission, which with your permission I will leave with you.

(The witnesses withdrew.)

MRS THERESA LONERGAN, Member and former Director, Australian Forest Contractors Association, Director, P & T Lonergan Pty Ltd, sworn and examined

MS CARLIE PORTEOUS, General Manager, Australian Forest Contractors Association, affirmed and examined

The CHAIR: Would either of you like to make a short opening statement before we go to questioning?

CARLIE PORTEOUS: Yes, thank you, Chair. I will start on behalf of AFCA. Firstly, we would like to apologise that we did not get the opportunity to put a written submission in. I only started with the business on 1 December. Thank you very much for allowing us to come and speak today. AFCA represents forest contracting businesses across Australia and we have quite a large membership group in the south-west slopes region. In order to, I guess, get our message across today with this particular inquiry I would like to introduce Theresa Lonergan, who is a local logging contractor from Tumbarumba. Theresa and her husband and their business was directly affected by the 2019-20 bushfires. I would like to hand over to Theresa, if that is okay, Chair.

THERESA LONERGAN: Thank you for the opportunity. Thank you, Carlie. The forest contracting businesses contribute direct employment and indirect employment, with 669 full-time equivalent. We would just like to say we support the Softwoods Working Group written submission and recommendations, personally and AFCA. And AFCA supports the submission by the CFMEU. The biggest thing is that we have had two grants what were made available as a result of the bushfires, but none of them were suitable for the forestry contracting businesses. They were under farming, agriculture, but we could not under forestry get any [inaudible]. We have also tried for the Government loan guarantee scheme but we are not eligible because we have got no contracts, so we cannot provide an income. We would like to think that in the future the opportunities for diversifying businesses and take advantage of fibre optimisation and also the use of residuals within the plantations.

On a personal level, I would just like to say that in this area we had 17 crews at the time of the fires and we have gone to eight. Three contractors lost any contracts. One went from four crews to one crew, four to three crews and one crew went from two to three and one stayed the same. Us personally at the start of 2020, we owed \$1.8 million. We have sold a machine and other assets and we have currently got it down to around the \$1 million mark and we have got probably \$300,000 in redundancies. We have been looking for support from the Government and think that the Government should support us by either payout our machines or help with redundancies or ask the banks to give the contractors time to sell their machinery. If not, the future for the contractors is that we go bankrupt. Any contractor goes bankrupt the finance companies are going to blacklist and put a red flag against forestry, which happened about 15 years ago. It is very hard for anyone to get any finance. That is going to be a major problem for the future for the contractors.

We need to find a way how we can keep contractors and staff employed locally. There has been opportunities outside. We had the local and Bombala, but outside we have looked all over the States. We as a small business, as Carlie said, we were impacted directly. We were out from two o'clock in the morning fighting the fires. I went home to get food and got trapped at our property. We lost our workshop and our office. And so there has been no support from the Forestry Corporation with anything or from the Government from that. When we were cutting the timber, Forestry Corporation offered us \$1.75 extra to cut it. Victoria got up to \$4.50 a tonne, compared to Forestry Corporation's \$1.75. We fought fires for 22 days and we received thanks from Hume Forests, nothing from Forestry Corporation.

They have not given any help to contractors. They have not supported them in any way. They even, unfortunately, lost one of their own members. We lost our—our employee left us last July. My husband and two sons drive our machine. We had one more operator plus I had an office lady, who I had to let go because the office burnt. In July last year we lost our other operator. He got full time employment with another contractor. We cannot hold him back. Luckily our sons have stood by us, but I personally am out on the machine now. I am doing the office and running the house, which is interesting. I think that in the future if we do not get support now, it is going to affect long-term contracting.

The CHAIR: Thank you for that. That is pretty heartbreaking.

The Hon. MICK VEITCH: That is powerful. The story you have just told to this Committee is extremely powerful. I know that your story is replicated with other contractors as well. Thank you. That must have been difficult to tell us that story, so thank you for that. Arising from that, the Tumbarumba workforce. You are based in Tumbarumba?

THERESA LONERGAN: Yes.

The Hon. MICK VEITCH: Are the other contractors in a similar situation to yourself? That is the first question.

THERESA LONERGAN: In Tumbarumba, no. One of them who worked for Forestry Corporation got a job back. And there was only two of us who worked for Forestry Corporation under these tenders. There is another contractor who does thinnings, but they work for Visy. They lost their machinery, one lot of machinery but not the other. They have not bought new machinery. They have just stayed one crew, not two. Then you have Bergin's, who are the biggest operators in Tumbarumba. They work the Hume Forest and they will be impacted, and they have been slowly impacted. But, at this point in time it is not a definite because Hume Forest lost their smaller wood, not a lot of their bigger wood. But they are going to be impacted over the coming years. With Forestry Corporation as we know it has been all ages, so we have been impacted straightaway. That will come on and a lot of people have left the industry already because of the uncertainty.

The Hon. MICK VEITCH: As in contractors like yourself?

THERESA LONERGAN: No, staff. I know, here in Tumut, a lot of the contractors. Groves, they were the ones who went from four contracts to one. Their staff, they went and gone to Snowy 2.0 or working for local earthmoving mobs. They said that they will never probably go back into the timber industry, because of the heartbreak. It is 20 years before they will—so it is a big loss.

The Hon. MICK VEITCH: So essentially what you are saying is you have to try and carry yourself through for about 20 years when the workload will get back to about where it is: Is that what you are saying?

THERESA LONERGAN: Yes.

CARLIE PORTEOUS: Or relocate.

THERESA LONERGAN: Or relocate.

The Hon. MICK VEITCH: Or relocate, okay. Lessons for government of all persuasions out of this exercise. Can you tell us what should have been done better post the bushfires for your circumstance? What should have been done?

THERESA LONERGAN: Straightaway, like we went back in cutting timber. We stopped fighting the fires one day and we were back in there sort of three days later, and the ground was still hot. I think then we needed more time, especially the ones who were impacted, like who you know who lost stuff. We should have been able to have more time but we didn't because it needed to come down and we needed to have income coming in, because we had not had income for a month. So some more time would have been good. But more understanding of people's fragility, mental health, is what is needed. I think the support from the Government, they threw out all these grants but it was for farming.

If you listen to most people Batlow is the only place what got impacted. And no offence to Batlow, they did. In my area where I live, we live out on the Elliott Way, there is 20 farms out there and 10 of them lost their house. No one ever hears about them. But no one hears about us losing people's equipment: We lost our shed, our office, no one hears that. There has not been the support. The mills, the forestry companies, they have all received something but there has been no support. That is where from basically straight after still to this day, there is no support from the Government for the contractor.

The Hon. MICK VEITCH: All of your income comes from the business, from the contracting business?

THERESA LONERGAN: Yes.

The Hon. MICK VEITCH: There is no secondary income?

THERESA LONERGAN: No.

The Hon. MICK VEITCH: Okay. Whilst you were fighting the fires there is no income coming into your business because essentially you are fighting fires?

THERESA LONERGAN: Yes. Actually, sorry, I will say that we did have a machine operating fighting the fires. So we did receive some income from that, which took four months for us to get paid through the system.

The Hon. WES FANG: That was a section 44?

THERESA LONERGAN: Yes, there was a big issue. But we did eventually end up getting that income. But the rest of my family—because the whole five of us are volunteers as well—there was no income from that. We did get some but it was so long in coming that we had to get back into harvesting.

The Hon. MICK VEITCH: If I can bring this down into a couple of themes, what you would like to see is more consideration of the circumstances for each of the individual contractors post a bushfire fire like this—so consideration. And you want to be included in the financial packages—not to be left out of the financial packages or assistance.

THERESA LONERGAN: Yes.

The Hon. MICK VEITCH: Pretty much that is it.

THERESA LONERGAN: Yes, that is it.

The Hon. MICK VEITCH: And so long-term contracts—are you in a position now to continue to engage with Forestry Corp for those contracts when they come up?

THERESA LONERGAN: Look, we have engaged. We have been unfortunate for price and whatever other reasons. My thing has been that I have always spoken on behalf of everyone and, yes, this is personally us. But for Groves, which is the Tumut contractor here, to go from four to one contract is as devastating as us not having two contracts to have nothing. That was a huge impact on them. So for everyone it has been a big loss. And everyone has put in and for whatever reasons—you know, it is a tender process, so you have to try to put your best foot forward.

The Hon. MICK VEITCH: You mentioned you sold a machine or had to liquidate one of the machines. As a matter of interest, is there much of a market?

THERESA LONERGAN: No. We were just lucky.

The Hon. MICK VEITCH: Do you sell on Gumtree? What is the process?

THERESA LONERGAN: There is construction hub. I was a bit lucky that when I said I was going to sell this harvester I was thinking I would sell it sometime over—lucky I had a really old one that I could put back into work. But one of the contractors who got the job knew our machine was in good order and whatever and he took it straightaway. But we have had our forwarders and everything on the market and there is no market for them. We were just very fortunate with that harvester at the time that there was someone. But he bought it and had it sitting there for six months before this contract started. So that was an outlay for him but he wanted it without putting more hours, without anything, that he was prepared to buy it there and then.

CARLIE PORTEOUS: Can I just add to that? We are seeing a similar situation in Victoria at the moment where you have—stranded assets is what we are calling them. Although Theresa was lucky in this particular instance, it is becoming an issue not just in New South Wales as a result of the fires but certainly in Victoria as a result of the native hardwood situation. So we are seeing stranded assets and people who have a significant amount of capital tied up in finances not being able to recoup those finances. It is an industry-wide issue for various reasons, of course, here, the bushfires.

THERESA LONERGAN: We had 18 months left of our contract so our machines would have been saleable but now we owe too much money on them. People do not want them because there is that much machinery out there that they can buy cheaper machines.

The Hon. TAYLOR MARTIN: While we are on the point about Victoria, it was mentioned earlier about the difference in the loading between New South Wales and Victoria in the aftermath. Are there any other differences in the response from the two governments?

THERESA LONERGAN: I do not know—that was HPV compared to Forestry Corporation paying and that was for the harvesting of it. I do not know what they paid for haulage of it but for harvesting itself, yes, the difference in the two companies. So not necessarily. I suppose Forestry Corp is government but HPV is not—so whether that was the difference.

The Hon. TAYLOR MARTIN: Ms Porteous, is there anything from Victoria that is quite different to New South Wales in the response?

CARLIE PORTEOUS: Are we talking about the harvest rates?

The Hon. TAYLOR MARTIN: Anything.

CARLIE PORTEOUS: Each forestry management business or forest manager, whether it be State or private, have their contracts set up in very different ways. I have seen different rate review mechanisms, the way that it is actually paid either by tonne or by cube. I think there is a real opportunity there for consistency at a national level and what that looks like as far as selecting good value logs in the field and getting it to the right places. We would love to see more in the way of innovation and fibre optimisations. You know, having Theresa's

business, say, go from harvesting to then optimising in-field fibre because we clearly have a fibre shortage—you could even reinvest that money in a chipper with some help from the Government and finding an appropriate market. Sorry, I know I just went on a bit. There are some contracts out there that really drive value out of the forest and also sustainability from a business perspective as well. The good thing about sustainability, of course, is that we keep that expertise in the industry, which is a really big problem that we have. If you read the CFMEU submission, training, retention and attraction is a massive industry issue. So keeping businesses sustainable will help the industry be sustainable as well.

The Hon. WES FANG: Thank you both for coming in today, particularly you, Mrs Lonergan, for sharing your story. Is it fair to say that just after the bushfires happened there was actually quite a demand for harvesters and the like to get that burnt wood up and out of the burnt areas into mills so that it could be processed pretty quickly? So there was actually an increase in demand, ironically, before we had the drop off. Is that correct?

THERESA LONERGAN: Yes, that is correct. Round here—I am not 100 per cent sure on the exact figure but I think it was around 53 crews that ended up in this area, so there was a big demand. Yes, if we wanted to sell a machine then, maybe, but we kept them hoping that we would be lucky and get contracts, not probably suspecting that it would be so difficult to sell them now. And that is because it is not usually—if it is one area that has been affected it is not another but because of them with the hardwood and softwood from top to bottom it is really—yes, it has made it difficult.

The Hon. WES FANG: In the short to medium term there just is not the fibre on the ground to sustain the existing harvesters that were—

THERESA LONERGAN: No.

The Hon. WES FANG: So a lack of harvestable product at the moment means that we have not got work for a number of companies that we used to have before the fires. Is that right?

THERESA LONERGAN: That is correct, yes. Exactly. There were seven contractors; eight parcels were put up and four got jobs and three of us did not. But, exactly we cannot say give us a job for everyone if there is no timber there to harvest, and there is obviously no timber. It is just how we survive or how the Government can support the ones who have not to sustain the industry and the contractors for the next—

The Hon. WES FANG: So you played your part while we had to get that burnt timber off the ground and now you are seeking some support. But even down to where the banks—did you say just allowing you extra time to find a market for the machinery? Is that right?

THERESA LONERGAN: Yes, that is correct. Yes, we would like a hand but we are not asking for a complete handout, just some support to help us not lose everything and not make it become a red flag for the whole industry in the future. But, yes, give us time to be able to sell our equipment. And, you know, it will sell eventually, but it could take 12 months or two years.

The Hon. WES FANG: That is what I was about to ask: Are you confident that, given time, there would be a market for the machinery that you have and just having the access to time would make the difference for you?

THERESA LONERGAN: Yes.

CARLIE PORTEOUS: I would also say: and security. The uncertainty of the industry—we need to know that there is going to be that investment in plantations, whether it is private or government. The carbon market is at \$50 a tonne at the moment. We can see the opportunities but I think for people to want to start really investing that \$1.2 million for harvester, there needs to be that certainty that the industry is going to be able to be sustained into the future. And, yes, finance. We are receiving reports from equipment sales businesses that they are having trouble even selling new equipment in areas of Australia because of the finance risk that has been associated with forestry equipment. The other part to that is insurance. So there are a lot of barriers.

The Hon. WES FANG: Is there the ability—and I do not know this—to perhaps export some of the machinery overseas to where there might be more of a market in the short term? I used to work in an industry where we would import/export machinery as required all the time, but I do not know whether it might be an option.

THERESA LONERGAN: We only ever know about importing new machines; it is not the exporting I have used.

The Hon. WES FANG: So it is not usual.

THERESA LONERGAN: It is not a usual practice, no. Whether there is an opportunity—

The Hon. WES FANG: So you are really looking at the domestic market first for the sale?

THERESA LONERGAN: Yes.

The CHAIR: Thank you.

(The witnesses withdrew.)

Mr MICHAEL KINGWILL, private landowner, sworn and examined

The CHAIR: I now welcome our next witness, Mr Michael Kingwill. Would you like to start by making a short opening statement?

MICHAEL KINGWILL: I started my working life as a saw doctor/saw maker at a pine mill up the road here at Gilmore. I have worked in the pine industry and in the hardwood industry. I also run a hardwood sawmill, a kiln drying operation, for some years at our property at Adjungbilly where we were putting our own timber through off the property, as well as alpine ash we were buying from Forestry Corporation. I would just like to say that I sat up the back and listened for a little bit. The thing that brought our sawmill to a standstill was the start of exporting logs out of Victoria and Western Australia to China. They were processing it in China and drying it because a lot of our hardwood timber was kiln dried and a lot of that went into flooring and furniture—the top end as well as framing timber. Then it was brought back to Australia and sold in Australia for what it cost us just to mill it without drying it. So that just about put us out of business overnight.

People said, "How can they do that?" And I said, "Quite easily". Sea freight at the time was that cheap—this was in the 90s—we could get a container of dried timber from Sydney to Shanghai for less than what we could for a semitrailer load from Adjungbilly to Brisbane. At the same time some of the other people here spoke earlier about importing the timber that they were bringing in a few years back—radiata pine out of Russia—and selling it in Wagga Wagga for less than the cost of production here in Tumut or Tumberumba. So you just cannot compete. It is called globalisation, I am afraid. So that just puts it out of business. Plantation forestry, I am afraid to say, is poor land use, in my opinion. Farming and grazing kill it, as far as jobs and return on capital go. If they were not subsidised by the taxpayer—and even the managed investment schemes with the tax breaks—it would not happen; they would go out backwards. It is a bit like the car industry, I suppose.

While we have a timber industry here in Australia—while the plantation timber industry is being subsidised, it will keep on going. If it had to stand on its own two feet it would not be able to do it, I don't think. Times change; markets change. They have made big inroads in the plantations. In the 70s when the bottom fell out of the cattle market when cattle were worth about 3c a kilo a lot of country was bought up then by the New South Wales Government. Then we had another big hiccup when the bottom fell out of the wool market with the floor price. There were other countries snapped up then. Where we live, our property was 20 kilometres away from the nearest pine plantation. Then Red Hill station was bought by the New South Wales Government and that put them on our southern boundary. We did not have much experience with being a neighbour to a pine plantation until that happened. It took them some years to plant Red Hill. David Graham said it was something like 30,000 acres; I thought it was something like 27,000, but anyway.

Then we had another property on our eastern side, Black Andrew, which was purchased in the 80s by a managed investment scheme when the wool went down. It folded, of course, as most of them did back then. Forestry Corporation picked it up and then they bought Nanangroe station on our northern side in the 90s. So we have about a 38 kilometre boundary with Forestry Corporation. Part of that is what they call Jeremiah nature reserve, which was Bungongo State Forest, a hardwood block that has been made into a nature reserve now. So there is not much weed problem in the nature reserve but it is creeping in because it has pine all around it apart from where it joins us. We did have a dog problem—wild dogs coming in from Kosciusko National Park in through Bondo, in through the pine plantations and turning up and killing our sheep and neighbouring sheep. But with the LLS we got dog groups going. Forestry Corporation did come on board; it took a little bit of prompting. In the past 18 months we have not had a dog attack, so fingers crossed.

As far as the fire goes, I am also a group captain with the RFS; I have been for some years. I have been involved in many a pine fire. Since the properties were bought up by the pine plantation people our Adjungbilly fire brigade numbers are less than half men on the ground because there were families on those properties and if the smoke went up you had heaps of people to give you a hand. I think even Forestry Corporation used to have something like about 150 staff at Bondo/Tumut. Now they probably have about 30 and I think that includes office staff. Tumberumba and Batlow are probably about the same. I am not exactly sure of the numbers but, you know, there would have been 100 to 120 Forestry Corporation people in each place and the numbers are not what they used to be.

My biggest gripe while I am here today is the weed control—or lack thereof—with the pine plantations. In the last day or so I just could not find—I think I put in my submission the plantation Act 1988 but I think we have been told that it was about 1989 that it was changed in the plantation Act where they only have to do six to 10 metres. I think it is six metres. That is about all they do at our place adjoining us—spray the weeds there inside that six metres. Nothing happens. With the blackberries—anyone who has anything to do with blackberries knows blackberries are very nice to eat. The birds, kangaroos and foxes—everything eats them. We get blackberries there

further than five kilometres into our property under the trees, in the gullies, anywhere—I even found one outside my house yard the other day where a bird had landed in a tree, they had pooped the seed out, it is coated in fertiliser and away it goes. With the demise of the wool industry, we run ewes these days where we used to run a lot of wethers. Wethers are like goats in that they would eat it any little blackberry. The ewes are a bit fussier and a lot of the time they do not eat them all, especially in the last two summers where we have had wet summers and heaps of grass and they are not pushed. They can pick and choose.

My family operation spends in excess of \$50,000 a year on blackberry control. That is without helicopters. Helicopters are about \$2,000 an hour now to hire. A contractor with a quick spray—hand spray—is about \$150 an hour now for two blokes with a quick spray on a four-wheel-drive ute. We have our own quick spray and I spray for most of the summer into the autumn when I am not doing other things—the harvesting or whatever. I pull my hair out because we just do not get around it all each year. But we try hard. As the pine plantation adjoining us comes up to their first thin, from when they first planted—we have to take a step back. They were grazing properties. They had minimal, if any, blackberry on them when they were purchased and put into pine plantation. They do not graze it for about the first three to five years when they put it into a pine plantation to get the young trees to have a bit of a go on, so it is not grazed and just turns into a wilderness.

It is a Club Med for kangaroos. They lay around and eat and breed. Once the trees start to get up they run out of food and think, "Where are we going to go? We'll go next door." That is the same with the blackberries. The blackberries get a bit of a go on there and then away they go. The pine plantation is there now. Once they do the first thin, they open it up a bit and get the sunlight in and that is when the blackberries really start to take off. Once they do the second thin that is when they really blowout and you get an understorey—something like that—right through the pine forest. So when you do get a fire in there—if you have a lightning strike 20 metres in you cannot get to it. If you do go in, you want to be bloody lucky to get back out if you have a wind change because I know what it is like to try to run through a blackberry like that. So they are their own worst enemy as far as no weed control goes.

I have seen green blackberry leaves in a dry time when they have a forest fire due to it being a drought year. They will burn green and they float very well like a feather and spot out five kilometres on the updrafts and take the blackberry leaf out and light it somewhere else. So they are their own worst enemy with their blackberry problem. I do not know what the answer is. I would love if someone could come up with an answer but I think it is very unfair that if they created the problem—it is on their side of the fence; they should keep it on their side of the fence. It is like the neighbour from hell. If it was in town we would be having court cases all the time. The private landholder has to maintain their weeds under the Local Government Act. The council weed inspector drives around and has a bit of a look but plantations, both private and government, are exempt. I just do not know what we are going to do. That is the thing.

As far as them wanting another 30,000 hectares, not in my backyard, please. Tasmania would be a good place for it, I think, but anyway. Another issue I will just touch on is the plantation interception, it is called—the water. Pine plantations use about 36 inches—900 millimetres—of rainfall a year. A hardwood plantation uses about 18 inches. I think it is about eight to 10 inches for pasture. The pulped log that goes to Visy from Forestry Corporation I am told—I have not seen it but I am told—is about \$4.50 a tonne. In the life of a pine plantation, if they had to buy the water they would not even make enough money out of it to pay for the water. The Government would be better off not growing trees on it and just selling the water off it. They would make more money. That is about it, I think.

The Hon. MICK VEITCH: I just want to go to the last comment around the water issue. You are downstream from the plantations you spoke about.

MICHAEL KINGWILL: Yes, there are creeks that start in those plantations. We are above Nanangroo but Black Andrew and some of the Red Hill country the creeks come down. We have had, especially in the drier years since the plantations have been there, creeks that usually run for nine months of the year are now dry for nearly nine months of the year.

The Hon. MICK VEITCH: And that is since the plantations went in.

MICHAEL KINGWILL: Yes. They are ripped on the contour. They were even mound ploughing them on the contour but I think they have gone away from the mound ploughing—mound ploughers that rip a tine on the bulldozer and [inaudible] through the side they've pulled it up into a mound about that big and they do that on the contour and catch every drop of water. So there would be no run-off and it would soak in. But if you do not get those 36 inches of rain, the pine tree sucks it out of the ground and once it gets it out of the ground they turn red and die.

The Hon. MICK VEITCH: Okay. I think you were in the gallery when the working group was giving their responses. They indicated to the Committee that the loss on productivity within a pine plantation of blackberry growth is about \$2,500 per hectare per year. I just did some quick calculations on having to spray that out, for instance. If the Government was to invest significant dollars in trying to bring it under control, that would be pretty costly, even if you were to just balance out the loss on productivity. It is going to take money. What do you think the contribution of blackberries is to the fires when they come through?

MICHAEL KINGWILL: To the fires? Significant.

The Hon. MICK VEITCH: To the fire load.

MICHAEL KINGWILL: A plantation coming up to clear fall—even probably coming up to second thin—if it has no blackberry understorey it is very hard for that fire to get up into the trees and there would only be pine needles underneath. But if you have a blackberry like that, it flares up and you get what is called a crown fire. Then it gets up in the trees and away she goes. That is when it really devastates. Pine trees are very susceptible. They will not take any fire whatsoever. If they just get burnt for that much around the trunk, they will die. They just cannot handle it; not like a gum tree.

The Hon. MICK VEITCH: You are advocating—I do not want to put words in your mouth, but taking from what you were saying in your opening statement—for a change in the legislative arrangements that would then make Forestry Corp and the private forests as well responsible and accountable for the weeds on their lands. Is that what you are saying?

MICHAEL KINGWILL: That is right. They spray it out when they come to an end of a rotation and start again. But if they kept on the weeds—when they bought these properties they had no blackberries. If they had kept on it from day one like the rest of us, they would not have a problem. Before the pine moved in when I was a kid our weed program used to take one or two weeks of the year and I do not think we would even spray a blackberry because there were none there. There were a few old briars from the cattle and maybe a little bit of St John's wort starting to sneak in but now it is just blackberries.

The Hon. WES FANG: Thank you very much for coming in and sharing the counterpoint today to what we have heard. It is always good to get the perspective from the other side. I noted that in your introduction you talked about "not in my backyard" with 30,000 hectares and the like. Playing devil's advocate and asking this in two parts, if not around this area, where? You said Tasmania—I am going to say—facetiously. Realistically, where would you suggest we have it? I noted also that you were talking about the cost per tonne that perhaps one of the processes like Visy might pay. You said that the cost of the water would not even cover the per tonne cost that they are paying for that fibre so why would the Government bother. Where would you have the fibre industry around here? And if we are not going to do it how do we supply ourselves with the fibre we need to build houses, create paper et cetera?

MICHAEL KINGWILL: We were doing it with native forests but they have locked up all the native forests and made it into national park, and they have a big fire problem there too. That was sustainable. When we buying a log off Forestry Corporation, a big log would cost us \$100 a tonne—\$100 a cubic metre for that log.

The Hon. MICK VEITCH: Was that alpine ash?

MICHAEL KINGWILL: That is correct—quota quality grade. And you would have to get some money back out of that high-end product where you could. And then it went into framing timber but then we are always competing with the pine in the framing timber. If they could get two sticks of pine in the truss makers—they went computerised. That is another thing with the timber industry: You have to stay at the forefront. You have to have that technology. You have to be up to date. The truss makers went to computerised programs to make those trusses. If they could get two pieces of pine to put in place of one piece of hardwood and save 10c then they would do it. Even when I was doing my apprenticeship back in the early 80s a shipload of pine from New Zealand would turn up in Sydney and the yard in Gilmore would be full of processed pine because they would be undercut. There was a lot of managed investments scheme. The home of managed investment schemes was New Zealand and a lot of that pine country went back to dairy farms and—I am not sure but back to producing lamb, back to farming because the money is not in it.

The Hon. WES FANG: So your suggestion is that we go to, I guess, a more hardwood-based indigenous stock industry as opposed to the radiata pine type that we are seeing now?

MICHAEL KINGWILL: That is the thing: They have shut down the native hardwood forest there and they are going to do it out of plantation. But being a saw maker and in the sawmilling game, your plantation hardwood is a piece of rubbish, actually. It is springy and juvenile. You need older trees to get a decent stick of wood. The pine plantation industry here in Tumut was developed by the government. They resumed country at

Argalong to the east of Tumut, they resumed farmland—wrote them out a check, told them to pack their gear and be on their way—and put in pine to create jobs. Back in the day everything was done by hand so that did create a lot of jobs but these days with mechanisation and what Theresa said about the harvesting machinery—when I was doing my apprenticeship the two busiest businesses in Tumut were the chainsaws shops. They used to have a power of people in them working in them of an afternoon from about three o'clock to five o'clock. It would just be chaos; there were people everywhere. Once the harvesters came to town, the first people who bought the harvesters made a lot of money because they were getting the same tonne rate as the man with a chainsaw. They could probably cut down what 10 or 20 blokes would cut down in a day and they would have one man in the machine doing it.

The Hon. WES FANG: But what we are seeing now, I guess, is a new type of job that has been created out of that industry. For example, the Visy plant has any number of technical, computerised, management—even down to chemical interaction type—roles. That is all fed by softwood fibre into the plant. So the roles may have changed but there is no doubt that the softwood industry supports a lot of jobs within the Snowy Valleys area. So, again, I guess I would ask: Given that we have the industry here now and given that there are as many jobs as there are that are supported off that industry, I think it is reasonable that we need to have it somewhere.

MICHAEL KINGWILL: You are not going to get rid of it, I don't think. The country is not going to go back to its—

The Hon. WES FANG: When you are saying that you do not want the additional amount of fibre that is required next to you, where do you see the best place to actually put it?

MICHAEL KINGWILL: It would have to be in the higher rainfall country. Up at Trundle and where they were talking about bringing the logs from up in the Northern Tablelands—they had established those forests up there but they had no mills. They planted the forests there. I am not sure if they were private; they might have been private and Government. They planted those plantations in the hope that the mills would follow but they did not. But they are going to cart them down now.

The Hon. PETER POULOS: Mr Kingwill, in your last paragraph you outline some of the things that Forestry Corp should be able to address before more productive land is given over to pine plantations. If these things were tackled, do you think your own experiences as a private landholder would reshape your thinking if that was the sort of the benchmark in terms of your own interactions with a pine plantation?

MICHAEL KINGWILL: It breaks my heart some of that country that has gone under pine when I drive through it. I think if you were running livestock on it you could drive a car over some of it there—you do not need a four-wheel drive. It is level, red basalt with high rainfall. You could grow anything on it and you have weeds growing on it and pine trees. But we do need timber, I will admit that. But at what cost? And at what cost to the neighbours? That is my biggest gripe. If they kept their problems on their side of the fence and they could live with them and we did not have to that would be good because every landowner that adjoins the pine has the same gripe: It costs them money because of their neighbour. As I have said to the people at Forestry Corporation on many occasions, if I was costing them \$50,000-plus a year as a neighbour, I would have the police knocking on the door. They said, "No, it would not be like that." I bet it wouldn't be! If they could see that I was costing them \$50,000 a year they would do something about it, I am sure.

The Hon. PETER POULOS: On that aspect, I take your point; I understand.

The CHAIR: That concludes the hearing. The strong take-home message is that they need to do more with weed control.

MICHAEL KINGWILL: Exactly.

The CHAIR: I am sure that will be a prominent feature in our report. Thank you, Mr Kingwill, for your time and for coming and giving us a different view of the world. It is something we have not heard a lot of.

MICHAEL KINGWILL: My late father said to me one day that I would have to sell out one day because I would never keep the weeds back. I said, "Well, we are going to try hard." We will keep trying.

(The witness withdrew.)

The Committee adjourned at 15.45.