

# The Institute of Foresters of Australia

ABN 48 083 197 586



## Executive Summary

### **Response to the Natural Resources Commission's Recommendations for the Riverina Bio-region RFA - River Red Gum Forests and Woodlands**

Established in 1935 the Institute of Foresters Australia (IFA) is the peak professional body for forest scientists, forest educators and forested land managers in Australia. We are a non-profit organisation with 1,350 members who are committed to the principles of sustainable forest management and the processes and practices which translate these principles into outcomes.

The IFA has no financial stake in the outcome of the NSW Government's Red Gum Forest Assessment Process and work done in reviewing documents and preparing submissions is by volunteers. On 23 October 2009 the IFA made a submission on the Natural Resources Council's (NRC) Preliminary Assessment Report along with many other stakeholder groups. More recently the IFA completed its review of the NRC's Final Assessment Report and Recommendations Report and has prepared a detailed response for Government.

The IFA is highly critical of some of the recommendations made by the NRC in its final report and believes that the NSW Government should review the situation before finalising its position for red gum.

The IFA believes that the recommendations to create a large new National Park over the best areas of regrowth red gum forest near Deniliquin on the Murray River, managed for many decades by professional foresters for multiple-use, including conservation and timber production, is flawed and not justified or supported by the evidence collected during the assessment process.

Eighty percent of the high quality red gum timber within the Riverina Region is understood to be located within the NRC's recommended park area. Loss of access to this resource will undoubtedly bring to an end Australia's iconic red gum forest industry. It is estimated that 300 direct jobs will be lost from the closure of timber processing plants and dire economic consequences may be expected for the small communities along the Murray and Murrumbidgee rivers.

A major weakness of the NRC recommendations is that they are rigidly based on forest assessment and reservation principles that were applied to previous Regional Forest Assessments (RFAs) of the coastal and tableland forests in the 1990s. In these RFAs the community wished to preserve areas of wilderness, old-growth forests and other high conservation forest areas. The IFA strongly believes that these RFA principles are not directly applicable to the red gum forests which are regrowth forests with a long history of human intervention, including water regulation, conservation of forest values and wildlife along with timber harvesting. Strong local community support for the continuation of a vibrant forest industry based on sustainably managed State forests also suggests that the red gum forests justify a different assessment approach.

IFA members who have a good working knowledge of the red gum forests reject the NRCs claimed fundamental benefits of changing the forest tenure at this time from State forest to National Park. Foresters have demonstrated with ample evidence the long history of management of these forests and how they are a direct result of this management – not an iconic forest which developed away from human activity. A clear example of the NRC’s apparent bias is evident in their recommendation to change the tenure of the red gum State forests at Moira Plains. These impressive even-aged forests have only arisen since the late 1950s when changed water flows were caused by the construction of the Hume Weir.

Part of the justification for essentially closing down the existing timber industry was the modeling of future timber supply scenarios using quite pessimistic assumptions about future water flows, climate change and consequent growth rate of the red gum trees. The NRC used a horizon of 100 years, and rejected use of a 70 year horizon used by Forests NSW, which provide long term yield 40 percent higher than the 100 year scenario. Many of the factors used in the NRC modeling are very sensitive to assumptions, hence the IFAs concern over the use of such modeling outcomes, particularly the long 100 year horizon, as a major part of the recommendation to essentially close down the industry.

The NRC’s recommendations did not contain any alternative options that balance environmental objectives with socio-economic considerations. Had this occurred, there would have been a recommendation for a continuation of the status quo, but with improvements to water management and other initiatives arising from the assessment process. In essence the NRC has failed in its independent role by not providing the NSW Government with sufficient guidance to weigh up conflicting objectives and to make the best decision at this time.

The IFA believes that the NRC’s recommendations will come at considerable cost to the Government and people of NSW. Financial compensation for closing down the timber industry has been estimated to be in the range of \$50 to \$70 million, based on the previous outcome for the Brigalow Belt Bio-region forest agreement process of \$80 million, and acknowledging that the NRC recommendation for red gum would require only negligible funding for business development, given the small scale of the remaining “boutique” timber industry. Additional funds would be needed for National Park management which would be millions of dollars per year.

The IFA believes that an option with a new National Park, with a reasonable and representative spread over the region, but a lesser area than that recommended by NRC, managing the remainder as State forest, with enhanced management and water flow, and allowing continuation of the existing industry at a level of say two thirds of the total sawlog supply is a better overall outcome for NSW.

The IFA strongly recommends that the NSW Government considers alternative options to the one recommended by the NRC and to have a well rounded review group appointed to advise Government about the options available and what will be a lasting and acceptable outcome.

Yours sincerely,



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## **Formal Response to the Natural Resources Commission's Natural Resources Commission's Final Report and Recommendations Report on the Riverina Bioregion RFA River Red Gums and Woodlands**

### **1. Background**

- The Natural Resources Commission issued a Preliminary Assessment Report for the Riverina Bioregion Regional Forest Assessment – River Red Gums and Woodland Forests (Report) inviting submissions from stakeholders in September 2009.
- The IFA made a submission on 23 October 2009, along with many other stakeholder groups.
- The NRC produced its Final Report and RFA Recommendations Report to the NSW Government on 21 December 2009.

The Institute of Foresters Australia (IFA) is the peak professional body for forest scientists, forest educators and forested land managers in Australia. We are a non-profit organisation with 1350 members who are committed to the principles of sustainable forest management and the processes and practices which translate these principles into outcomes.

The IFA has no financial stake in the outcome of the Red gum assessment process and work done in reviewing documents and preparing submissions is by volunteers.

The IFA is highly critical of some of the recommendations arising from the NRC process and believes that the NSW Government should review the situation before finalising its position for red gum.

In this document National Park is referred to as NP and State forest is referred to as SF. Forests NSW is referred to as FNSW and the Natural Resources Commission is referred to as the NRC .

### **2. Key recommendations from the NRC**

There are 16 recommendations in the NRC recommendations report. IFA has grouped these into 5;

- A. Water reform and water delivery infrastructure (No. 1 and 2)
- B. Forest management, including ecological thinning (No. 3, 4, 5, 6, 7 and 10)
- C. Create new National Parks (NPs) (No. 8, 9)
- D. Major downsize of the red gum industry and retain only a boutique forest industry (No. 11, 12, 13)
- E. Community involvement and regional development. (No. 14,15, 16).

## **A. Water reform**

The IFA supports the thrust of the recommendations involving water reform. The need for pro-active management to provide water to red gum forests is a key agreed principle. However the IFA believes there are no grounds for giving priority to watering any future NPs over State Forests (SFs). The NRC has also failed to provide any justification of its position in the recommendations.

## **B. Forest Management, including ecological thinning.**

The general principles documented in the recommendations for red gum forests that are managed for multiple purposes, including timber harvesting are supported by IFA. The need for pro-active management including ecological thinning of all tenures of red gum forest is a key agreed principle. Ecological thinning was discussed in the IFA submission of 23 October 2009 where major benefits will be achieved for management of fire and at the same time providing ongoing timber to the industry. However the principles for “conservation” and “protection” of forest are not fully supported and the lack of commentary on how ecological thinning will be done is a significant weakness.

## **C. Create new National Parks**

The recommendation to create major new NPs including the Millewa group forests (at around 44,000 ha) is regarded by IFA as a seriously flawed recommendation and not justified by independent analysis.

## **D. Major downsize of the red gum industry and retain only a boutique forest industry**

The recommendation is to retain production forestry on nominated forests after ceasing sawlog production on NPs and for industry sawlog allocations to reduce by up to 70% with one or possibly two sawmills remaining. The IFA regards this as a flawed recommendation and not justified by independent analysis.

## **E. Community involvement and regional development**

These recommendations are generally supported by IFA, but are overshadowed by the key recommendations to create new NPs and downsize the timber industry. Communities have had negligible input into these key recommendations.

## **3. The NRC process**

3.1 The NRC red gum final assessment report and recommendations are based on the principles used for the Regional Forest Agreements (RFAs) from the mid 1990s, where under the National Forestry Policy of 1992, public native forests are to be divided into protected forests (generally under National Park (NP) tenure) meeting CAR/JANIS principles and those areas not transferred are to be managed as production forests with new strict protocols under NSW Integrated Forestry Operations Approvals (NSW IFOAs). These RFAs were driven by the community’s expressed wish to cease harvesting old growth forest and in addition to select representative areas of high conservation forest to be managed as NP. RFA assessments were initially applied to Eden, the north coast and then southern NSW, areas which contained significant areas of forest which had not been harvested. RFAs were also established in Victoria, Tasmania and Western Australia. Queensland did not develop an RFA because that State decided to cease harvesting native forests altogether over a period and the Commonwealth did not agree to such action.

The IFA has pointed out the previous RFA process is not applicable to the red gum forests because these are mostly regrowth forests in a dynamic state (also ref NRC recommendations

report) with a long history of intervention by humans, including managed forest flooding and timber harvesting. IFA claims that the previous RFA principles have prevailed over any analyses of the condition and eco-history differentials pertaining to the red gum that should have led to different outcomes.

- 3.2. The NRC report does not create options for the NSW Government to consider. Options would assist decision makers by explaining the differences between retaining the status quo in terms of forest tenure, with other improvements, versus the current recommendation where a major part of the forest is recommended for NP, along with some intermediate positions or reference points. Such options should also disclose the cost to Government of the different options. This would be important for the NSW Government where it is expected that the current recommendations will cost millions of dollars, including payout of the timber industry, with large ongoing expenditure for NP management, whereas IFA believes that a continuation of the present tenure will have negligible major expenditure from Government, other than the water reform. Based on the Brigalow Belt Bio-region cost of around \$80 million for business exit, worker compensation and business development (Hansard, 2005), the cost for red gum based on NRC recommendations has been estimated to be in the range of \$50 to \$70 million, and acknowledging that the NRC recommendation for red gum would require negligible funding for business development, given the small scale of the remaining “boutique” timber industry. Additional funds would be needed for National Park management which would be millions of dollars per year.
- 3.3. Previous NSW RFA and forest assessment reports had options for the NSW Government to consider and select a preferred outcome. The Brigalow Belt Bio-region report for instance at least did discuss a list of options, despite the final outcome of a large tenure change to NP being chosen by the NSW Government.
- 3.4. The NRC report barely mentions stakeholder submissions and certainly did not offer maintenance of the timber industry as an option. There were many submissions, particularly those from communities along the Murray River who were strongly opposed to the creation of NPs at the expense of the timber industry. To ignore those submissions which do not fit the agenda of the NRC process is a major weakness of the process and is viewed as undemocratic.
- 3.5. The setting up of the NRC regional forest assessment with Terms of Reference based on previous RFA principles and the selection of academic scientists to do the report steered it directly to an outcome of a substantive new NP and a much reduced forestry production sector. The IFA believes this process is flawed and has led to an unbalanced set of recommendations. The IFA strongly believes that an independent review of the NRC recommendations, by a well rounded review team, is needed prior to the Government finalising its decision for the red gum forests and the dependent industries and communities.

#### **4. The NSW Government agenda to create National Parks**

- 4.1 The RFA process and subsequent forest agreement process in NSW, plus property purchase, has resulted in the increase of area under NP from around 3 million ha in the mid 1990s to 6.7 m ha today (around 8% of the state). A significant part of this expansion of forest areas has involved a transfer of State Forest to National Park.
- 4.2 A significant point made in the Recommendations report was reference to the 2008 NSW National Park Establishment Plan where the protection of a much higher percentage of red gum forest is required. Currently reservation of red gum forest into formal reserves is 7.6%, mainly Yanga, while in Victoria the reservation has recently increased to 21.1%. This stated objective is believed to be the main driver of the forest agreement process to achieve the Plan target for red gum NP, and as such an indicative reserve area of 60% is specified.

4.3 The NSW Government agenda to create new NPs, as documented in the NSW National Park Establishment Plan is not necessarily a well researched or debated position, as demonstrated in the NRC recommendations. The IFA is concerned that this plan may have undue influence in the decision making process, instead of a case by case analysis for the red gum forests.

## **5. Commonwealth and State legislation regarding forests**

- 5.1 The combination of NSW State and Commonwealth legislation over public native forests is very messy. The Commonwealth's Environmental Protection and Biodiversity Conservation (EPBC) Act is a key driver for creation of "protected areas". NSW State legislation includes numerous acts and regulations which have had special provisions to accommodate the outcome of RFAs and Forest Agreements.
- 5.2 Those NSW SF areas under an RFA have special provisions over limited time periods, which can change when the time periods expire. This also relates to the terms of timber supply agreements to sawmilling companies. This is similar to the Forest Agreement in place for Brigalow Belt Bio-region.
- 5.4 The NRC Final Assessment Report seems to have focussed on meeting the conservation aspects of State and Commonwealth legislation. The IFA is concerned that there is a high sovereign risk to any commercial operators in the red gum forests who don't have long term binding agreements for future resource access. The IFA has discussed this issue in suggesting an alternative plan for the red gum forests in 8. below.

## **6. The case for a substantive red gum National Park**

- 6.1 The NRC report and recommendations frequently mentions terms such as "protected" forest, "iconic" areas, "stressed" areas, "endangered species" inferring that change of tenure to NP is the natural answer to resolve such issues. IFA claims that such terms are misleading to readers in this context and can not be substantiated in the case for red gum NPs. The strong inference by NRC is that any harvesting of red gum for commercial purposes is the opposite of conservation. Therefore the easiest way to conserve and protect the forest is to prevent harvesting by tenure transfer to NP. The IFA believes that the red gum forests are already conserved and protected, to the extent that water flows have allowed, despite a long history of carefully managed harvesting. Conservation and preservation have been achieved on key parts of the forest, inter-mixed with sustainable harvesting, to achieve a balanced overall outcome. This long history of forest management, including harvesting, has created very attractive inland riverine red gum forests, which the local communities and the many visitors cherish, with expectations for such forest to continue indefinitely, except for issues relating to water supply.
- 6.2 The NRC recommendations for water reform and infrastructure development were also a key part of the IFA submission. This is active management of a forest area and has a major impact on the future health and regeneration of the red gum forests. The NRC report acknowledged that red gum forests are mostly regrowth. This is a key point of the IFA submission – there are no old-growth areas. The areas selected for NP are the best stands of red gum resulting from careful management by foresters from FNSW over decades, involving water supply and silvicultural treatment. The NRC recommendations make a major point of using ecological thinning to maintain the health of the forests. This is also a key recommendation in the IFA submission. This involves removal of trees to foster the health and growth of remaining trees, which is a unique recommendation for any NP in Australia. For the future, if these recommendations are adopted the red gum forests will be dependent

on pro-active management for their future. If such forests continue to be dependent on pro-active management as above, then in the broadest sense the case for changing tenure at such a huge cost to the community needs to be clear. The IFA believes there is no clear case, for reasons set out in the points below.

6.3 IFA members who have spent a major part of their careers working for FNSW and private companies in the red gum forests are adamant that key conservation requirements which have been documented in the NRC reports will be met under the management of FNSW, with some enhancements which have come to light as part of the NRC process. Some of the more important points are covered below;

6.3.1 Maintenance of Ramsar status for red gum wetlands. FNSW was pivotal in the evaluation and community consultation and progression of the Ramsar listing of some 84,000 Ha of NSW Central Murray State Forests in 2003 under FNSW management, so there is no reason why that will not continue.

6.3.2 Wildlife management, including programs for endangered species and reservation of hollow bearing trees. FNSW is already meeting all reasonable objectives under its current management.

6.3.3 Conservation of the range of red gum stands particularly old hollow bearing trees. FNSW achieves these objectives through creation of Flora Reserves and prescriptions with zoning of forest management. Protection of hollow bearing trees is a key indicator for managers and such trees are kept throughout the forest, particularly along stream banks. The photos in the assessment reports are testimony to such management.

6.3.4 Maintenance of woody debris has been put forward as an important part of NP management. The IFA in its submission pointed out that maintenance of woody debris, along with the presence of dead trees needs to be very carefully managed to avoid fire risk. FNSW acknowledges the need for woody debris for habitat but if there is too much woody debris an extreme fire season can see fires burn with much greater intensity due to large volumes of flammable dead woody debris. This concern was a reason that FNSW created the firewood market to be able to manage the level of woody debris by taking a proportion of such material off the forest with a commercial return to Government. The NRC recommendations were deficient in addressing the overall management aspects involved with woody debris and any threats this poses to forest values from wild fires.

6.4 In Chapter 9 of the NRC report a reference describes the growth phases of red gum from regeneration to senescence and the need to have an appreciation of these dynamics to ensure its survival. There is an inference that desired stand and tree attributes can be maintained by natural processes without management intervention. The IFA is concerned that the pursuit of this ideology for red gum may be one of the drivers to recommend the creation of new NPs. Some comments over this concern are included below;

- River red gum, being one of the shade intolerant species will display tree dominance separation within even aged stands from about 15 years of age where conditions for establishment and growth prevail. This separation defines the potential for individual trees to command dominance and this may be exploited by managers through timely interventions to shape individual tree and stand attributes with greater certainty over time.
- Hence by understanding the growth habits of the species at both the tree and stand level, with particular attention afforded to relative tree/stand age, managers may increase the certainty of attaining larger diameter trees over shorter time lines compared to a passive or non-interventionist approach. Under multiple use forestry for instance, a select proportion of the faster growing larger diameter trees (dominant trees) are retained as habitat recruitment trees to grow into the senescence phase and become hollow bearing

trees, whilst a proportion is harvested for timber products – thereby achieving the balance.

- Allowing natural processes (alone) to govern the future structure of red gum forests removes the capacity for managers to exploit the inherent physiological growth response in the species and to potentially achieve variable stand structure across the landscape. Relying on natural processes alone may result in sub-optimal habitat diversity that comes in part from forest structural diversity.
- The vast majority of the red gum is regrowth forest with a significant proportion less than 100 years old. Managers need to take this into account when contemplating a natural or non-intervention approach to thinning if this is being envisaged. For instance some of the most impressive regrowth across the Moira Plains within Moira State Forest recommended to become NP was once a treeless grass plain until the construction of Hume Weir and regulation of the Murray River. These even aged stands are about 50 years old and are man-made by virtue of river regulation. There are younger stands dating from the 1974/75 and 1992/93 floods. These and other regrowth stands warrant thinning through intervention as this will improve the likelihood that desired outcomes can be achieved across known time frames.
- The IFA has a major concern that where red gum forests are allowed to self thin, the uncontrolled accumulation of dead timber (dying trees) will increase the risk of catastrophic fires. Such fires would destroy many of the large ancient trees and allow the site to revert to a new regrowth forest (and structure) with new management needs.
- The IFA believes that an interventionist approach is well justified to take these highly modified forests into the future. There are already significant areas of red gum forests assigned to Flora Reserve or other non-harvest management areas where ample opportunity exists to test the efficacy of achieving management goals through natural processes alone.
- The IFA contends that a purpose driven approach that services both conservation and production goals can be achieved without tenure change. This has occurred for decades and has been supported by initiatives such as progression of the Ramsar listing of the Central Murray State Forests and innovation around water operations and wetland and woodland reconstruction or restoration. However, should tenure change occur, the IFA believes that timber production can still be part of reserve management at least in the short term to mitigate the impact on the timber industry and local communities and not compromise conservation management goals. In this way harvesting or thinning within agreed principles can be used as an element of intervention management to take these regrowth forests into the next phase of their growth cycles under a variable moisture regime linked to the ongoing drought and climate change.

6.5 NRC recommendation 5.2 is to create trans-border, iconic national parks. The logic seems to be that Victoria has created a large NP in its red gum so NSW should do the same and join them up. From a reading of the claimed benefits, the IFA believes these benefits can be provided in NSW, as has been the case for many years, under existing management regimes. A brief history of trans-border water management is set out below as an example of why present arrangements can work without the need for tenure change.

6.6 Cross border or trans-border (Victoria-NSW) integrated management of water has been in place for some 25 years in the case of the Barmah Millewa forests and wetlands. For instance joint Victoria-NSW spring aerial flights of wetlands to inspect evidence of colonial bird breeding following winter spring floods have been in place since the early 1980s. Upon the

discovery of significant colonies, agreement was reached about the priority placement of water into specific wetlands and this was conveyed to the relevant Victorian and NSW water resource managers and the Murray Darling Basin Commission for releases from storages (Hume Weir) along with in-forest regulator settings to ensure water was supplied to bird breeding colonies for the duration of breeding. These decisions were not made around land tenure but rather treating the entire Barmah-Millewa forest unit as a single ecosystem entity placing water in line with agreed conservation outcomes in this case. It had nothing to do with tenure. This same principle was extended into successive and successful Murray Darling Basin Commission programs in the 1990s when environmental water allocations were assigned to the Barmah-Millewa forests. The water was used for both production (including timber and honey), as well as conservation outcomes e.g. bird breeding and other flora and fauna and native fish breeding and migration. Any decision to increase or expand water availability for the river red gum forests (with proper management) is strongly supported by the IFA but should not be predicated on land tenure changes from State forests to National Park.

## **7. The future of the red gum timber industry**

- 7.1 The NRC final assessment report described the timber industry in Chapter 10, including the communities dependent on these industries. A labour force of 304 full term equivalents, including 30 persons in forest management, was quoted. There was in-depth commentary about the forest industries and communities which supported the industry, with some prediction about the ability of those communities to adjust to a changing forest situation. Other commentary was provided about the minor economic proportion the red gum industry was in a regional or State context. However there was limited analysis of what would happen to the dependent communities if the timber industry was forcibly closed down. There was no calculation of the multiplier impact of a primary timber industry job relating to families and service industries in those towns. The concept of having redundant timber workers engaged in tourism and NP work has been tried elsewhere and IFA is not aware of any significant success in this approach in NSW. There are many instances of failure in this regards (e.g. Coolah Tops)
- 7.2 Modeling of future timber yield. In Chapter 10 of the NRC final assessment report NRC adopted the strategy of estimating the annual yield of sawlogs (quota and ex quota grades) over a 100 yr horizon, mainly because NRC considered that the rotation of red gum is 90-120 years. There are many assumptions in such modeling including water flow and the impact of climate change, which was estimated in the medium range. The spreadsheet modeling by NRC showed that yield of sawlogs would reduce by up to 70% from 41,000 m<sup>3</sup> per year to 13,000 m<sup>3</sup> per year before any tenure change. One assumption was that areas not watered would only achieve 25% of the timber growth in future compared with the past. This is a very pessimistic assumption. This modeled outcome became a key factor in how forest management and the timber industry would be dealt with in the recommendations.
- 7.3 NRC acknowledged that analysis by FNSW in its review of timber yields using the FRAMES model (developed from RFA work) and using a 70 year horizon, the time expected to harvest the 1880s resource, under strict management prescriptions, gave a long term timber supply of 40 percent higher than the figures calculated by NRC. This approach was rejected by NRC for a number of reasons including the rotation length argument in 7.2.
- 7.4 The NRC final assessment report in Chapter 10 went to some length to discuss the yield calculations and the sensitivity to assumptions. For example in Table 10.13 the range of sawlog yield from a list of forests was from a low of 12,200 m<sup>3</sup> per year to 27,600 m<sup>3</sup> per year. Also for Koondrook Perricoota forests the sawlog yield would increase from an

estimated 5,700 m<sup>3</sup> per year to 15,000 – 20,000 m<sup>3</sup> per year, if normal flooding occurred. This sensitivity is very high for a native forest. The point was also made that higher volumes of sawlogs could be harvested in the near term, for a defined period of time. The discussion in Chapter 10 indicated that the authors had canvassed various options in developing the report but did not develop major options for Government to consider.

- 7.5 Both of these modeling approaches in 7.2 and 7.3 are heavily affected by the current extended drought. Also the time horizons for timber supply modeling are very long and the position was taken by NRC that whatever this modeling showed would need to happen now, as part of the red gum decision, and adjust the timber industry accordingly. The sensitivity to modeling assumptions in 7.4 also indicate that NRC could have taken a cautious approach to maintenance of the timber industry with reduced allocations instead of the major reduction to the timber industry in the recommendations. The IFA is critical of this reliance on long term modeling with suspect assumptions as a major part of the case to effectively close down the red gum timber industry.
- 7.6 The recommended removal of the majority of the remainder of the 1880s origin trees (Millewa and Barooga and substantial recent tree deaths in Koondrook) into NP will impact immensely on the mix of larger sawlogs available to the timber industry. These forests have been managed for timber production and have been planned as a major source of larger commercial trees for the timber industry. Some of these larger trees are dying through drought and under FNSW management; those not needed for habitat trees or other conservation needs, would be harvested for high quality timber and removed as a future fire risk, achieving multiple objectives. The NRC recommendations to transfer these forests to NP tenure seem at extreme odds with the discussion in Chapter 10. The NRC recommendations indicate that only one, or possibly two of the existing sawmills will survive.
- 7.7 There was no real attempt in the recommendations to maintain the specialised timber industry based on red gum at other than a “boutique” level. The IFA is concerned that the imperative to create a large new NP steers any analysis of the timber industry towards minimisation rather than maintenance. As recorded in Chapter 10 of the final assessment report, the red gum timber industry has invested heavily in value-adding processes such as fine furniture making, veneers, kiln drying for other special appearance products including flooring and paneling, and also in manufacturing lower value products such as railway timbers to engineering specifications from the lower graded sawlogs, without Government assistance and without any long term security. The industry made such investment and trained employees in this technology in the belief that it was making the best use of a community asset. A procession of NSW Government Ministers has visited these companies over the past 5 years or more, to applaud their faith and expertise in such investment. To now force this industry and its people to stop what they are doing almost immediately, as recommended by the NRC, shows a high disregard to a successful rural industry and the skills involved.
- 7.8 The timber industry is made up of different types of processors and IFA acknowledges that over time the make up of log supply will change in response to changes in water supply and growth rates of available trees. Recovery of dead and dying trees over all tenures should be a high priority of supply to the timber industry and some innovation may be needed to achieve this outcome. The NRC final assessment report acknowledged this point but in the context that following the recommendations to reduce the timber industry to a “boutique” level, the remaining timber industry would need to accommodate such log supply.
- 7.9 While ecological thinning has been recommended over all tenures, the NRC report did not make clear recommendations on how this work would be done and if the timber thinned would be available to the timber industry. The NRC recommended that trials be conducted,

which does not give any assurance to supply for the timber industry. The IFA believes that any timber thinned, should be made available to the timber industry regardless of tenure. Special prescriptions will be needed to achieve the various objectives.

7.10 If the Government was looking for the best balanced outcome for the State, economic factors were important and also to maintain as best as possible the specialised timber industry jobs in those remote towns, then the analysts would have different skills to those on the NRC committee and they would try hard to develop a plan for the industry which will change the makeup of sawlog supply over time and allow an orderly transition to the future. This would put a more human face to the recommendations. At the same time the fundamental conservation requirement for red gum forests would be maintained. The outcome around the scale of NP (and locations) is not balanced and has basically placed the red gum timber industry as we know it, or could reasonably expect it to adjust to drought and other factors, in an extremely precarious situation. The recommended remaining areas of production forest (Koondrook – Perricoota in the main) are the most vulnerable to continued water shortages and drought.

7.11 The NRC recommendations will require a major reduction to the timber industry with funding for business exit and worker compensation. The recommended offer of business exit funds may be acceptable to the timber industry companies and workers but that does not mean such reduction to the industry is the best outcome of options available.

## **8. Option B - An alternative plan maintaining the timber industry**

8.1 The NRC final assessment report mentioned that “Higher volumes of timber could be harvested in the near term, for a defined period of time, as part of a managed industry transition strategy. This may assist the red gum forestry industry to adjust to the sustainable yields available over the longer term.” IFA believes this option should be available to Government as an alternative plan for the timber industry as one example of what is possible.

8.2 To meet the broad objective of 7.10 above and acknowledging that there is a strong imperative to create an area of new red gum NP, an alternative option is discussed. Instead of selecting the list of forests for NP as per the recommendations, but instead to transfer say 20% of forest to NP, with a reasonable spread over the region, the potential wood flow would reduce by at least 20%, with further adjustment for lower growth rates, but moderated by timber recovered from dead and dying trees as for 8.4.

8.3 The IFA does not have access to the detailed timber supply data so is not in a position to provide detailed alternative calculations of possible timber flows under such an option. However the principles which can be used to create alternative timber flows are suggested, some of which are based on work done for the north coast following the RFA there.

## **8.4 Ecological thinning and recovery of dead and dying trees over all tenures.**

IFA believes that in most instances where there are dead and dying trees, and including those destined for ecological thinning, where such dead and dying trees are not needed for conservation purposes, and in the context of fire prevention plans, these trees should be harvested commercially by the timber industry. Methodology needs to be resolved in any areas dedicated as NP. This will provide an ongoing supply of timber for many years at a level which can vary from year to year, within limits.

### **8.5 Scheduling of future timber supply.**

IFA acknowledges that sawlog supply will be reducing, even without tenure change, due to a current reduction of growth rates and forecast impact of climate change. The future supply for an option of 20% NP, over say a time horizon of 20 years, can be segregated into log types, and shown as the first stage of a “step down”. The level of quota and ex-quota quality logs in total volume may be say two thirds (67%) of current levels. After the first 20 years, there may need to be a further step down in the total volume of sawlogs to be supplied. However the period after 20 years is beyond the reasonable need for security to the timber industry and would be subject to further review at that time.

### **8.6 Allocation and log pricing to the existing industry companies.**

Existing sawlog allocations can then be converted to supply agreements, with special conditions to provide for the changing log mix over the 20 year horizon and reduced pro-rata to the 20 year level of say two thirds of existing supply. These agreements are to be tradable (under conditions) so that companies can either adjust to the new level or sell out to other companies where viability is an issue. Government can reasonably obtain a significant price increase for the new supply given the new security and higher cost of making such supplies available. For those companies selling allocations the price received should compensate to a large extent for any business exit.

### **8.7 Timber industry jobs.**

Government can also create conditions within the framework to foster a positive outcome for jobs within the forest sector. Under the more certain future for 20 years, timber companies can improve on value adding and marketing for the wide range of products and with additional work in forest management, there may be negligible loss of employment.

### **8.8 Business exit, worker compensation and business development.**

Under the NRC recommendations the funds which may be expended to close down the timber industry are estimated to be in the range \$50 to \$70 million, plus ongoing forest management costs for NP. Under the NRC recommendations there is likely to be only negligible business development funds given the small size of the remaining “boutique” timber industry. The timber industry and supporting communities can be excused for seeking the maximum compensation possible. Under the IFA option discussed above, with fair negotiations by Government the business exit and worker compensation costs would be substantially less and should only be necessary for a very limited set of circumstances.

## **9. Community consultation and involvement**

The NRC report showed that by interviewing various stakeholder groups that there has been a variety of responses to the current levels of consultation. Some groups were quite supportive of current arrangements but others wanted more say. In the absence of thorough reporting on this with more information on the positions that each group was coming from, it is difficult for NRC to say that the future under their recommendations will be any better than the current arrangements, particularly in view of the major changes recommended to take place.

## 10. IFA further recommendations

- That the NSW Government rejects those major recommendations of the NRC report in respect to creating a large new NP and effectively closing down the red gum timber industry.
- That the NSW Government have a further high level review of the NRC red gum recommendations, by a balanced group of experts in relevant disciplines, including forestry , timber industry, regional development, socio-economics and commercial management, as well as forest conservation, who can advise Government about the options available and what will be a lasting and acceptable outcome.

Yours sincerely,



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