

12 March 2018

NSW Regional Forest Agreements  
DPI Forestry  
Department of Primary Industries  
GPO Box 5477  
Sydney NSW 2001

Dear Sir/Madam,

### **Submission to the consultation on the proposed extension of NSW's Regional Forest Agreements**

The Australian Forest Products Association (AFPA) welcomes the opportunity to provide comment on the NSW and Federal governments' consultation on the 20-year extension of the state's three Regional Forest Agreements (RFAs).

AFPA is the peak national body for Australia's forest, wood and paper products industry. AFPA represent the industry's interests to governments, the general public and other stakeholders on the sustainable development and use of Australia's forest, wood and paper products. As a member of the NSW Forest Industries Taskforce, AFPA works with the NSW Government, Timber NSW, our NSW members on policies that will enable our sustainable industry to grow in NSW.

This letter should be read in conjunction with AFPA's submission on the Department's online questionnaire and the supplementary information contained in the attachment below.

### **Industry overview**

The forest, wood and paper products industry is one of Australia's largest manufacturing industries with an annual turnover of approximately \$20 billion. Around 120,000 people are directly employed along the industry value chain with a further 180,000 jobs supported through flow-on economic activity. The NSW forest industries contribute \$2.4 billion annually to the state's economy, with an annual export value of \$220 million and directly employing 22,000 across the value chain.

Each year our national industry produces around 12.5 million m<sup>3</sup> of logs, 4.8 million m<sup>3</sup> of sawn timber, 1.5 million m<sup>3</sup> of wood-based panels, and more than 3 million tonnes of paper and paperboard products. In New South Wales there are 63 hardwood mills and 13 softwood mills processing more than 5.6 million cubic metres of sawlogs every year, with more than 40 per cent of the timber workforce based in regional areas.

### **General comments**

The forest industry welcomes the NSW and Federal Governments' commitment to extend the Eden, North East and Southern RFAs for an additional 20 years, and to retain the existing boundaries.

The 20-year RFA agreements have been assessed as exceeding the environmental requirements of the Commonwealth Environment Protection and Biodiversity Conservation Act 1999, while providing a level of resource security for industry.

The RFA process in the 1990s resulted in a considerable initial reduction nationally in the area of multiple-use forest available for wood production, which at the time had an adverse flow-on effect to the native forest industry communities across Australia.

As a direct result of the RFAs and public land use decisions since the early 1990s, over 13.6 million hectares have been added to Australia's forest conservation reserve system. The area of native forests in conservation reserves has almost trebled since 1990, from 6 per cent to 16 per cent of all native forests.

Consequently, industry development has been constrained by resource reductions that were not in accordance with the RFAs, which has undermined the certainty to industry that the RFAs are intended to provide. Consequently, since 1996, the number of hardwood sawmills in Australia has fallen from more than 800 to around 200.

The native forestry industry is now at the point where it cannot sustain any further reduction in production forest. That is why it is vital, going forward, both governments give much greater emphasis to providing certainty to industry in the extended RFAs.

If the Parties want to achieve a sustainable native forest industry in NSW, then renewed RFAs must be based on binding commitments to deliver certainty and security of resource supply to industry.

NSW's public native forest resources are managed productively and sustainably, as the five-yearly reviews have found. This is not surprising given the scientific rigour and planning that NSW Forestry Corporation applies to its operations, and the comparatively small volumes of native forest harvested each year.

The RFA renewal process must include a guarantee that the repurposing of production forest will not occur unless it meets certain guidelines. And, if repurposing is to occur because it meets those guidelines, there must be a guarantee that the resource will be replaced with other forest area of equivalent commercial values/qualities, with no net reduction in resource volumes.

### **Give economic and social outcomes equal weighting to environmental considerations, and examine social and economic impact**

When Australia's RFA framework was established, it was the intention to balance and protect the full range of environmental, social, economic and heritage values that forests provide for current and future generations.

AFPA supports the original intent of the RFA. However, commitments across the three NSW RFAs aimed at providing industry with the level of continuity and confidence in long-term resource supply to sustain activity and to drive investment and growth have been undermined, and these shortcomings must be given serious consideration during the renewal process.

AFPA contends that the Parties to the RFA should give equal weighting to these objectives, yet over the life of the RFA the long-term stability of the industry has been neglected in favour of the conservation objectives. This is despite the environmental protection and biodiversity conservation outcomes having been assessed independently as not only meeting but greatly exceeding the identified requirements.

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The economic and social health of the forest industry and dependent communities are equally important in a framework that purports to operate on a triple bottom line approach to forest management.

The RFA aims to provide the investment certainty needed for internationally competitive timber and forest-based industries. Future RFA reviews should give equal weight to economic and social objectives, such as annual investment in upgrading existing and developing new processing capacity, forest industry employment, innovation and R&D, and the economic health of communities dependent on forest industries.

This must be underpinned by robust data on the impact of the RFAs and subsequent government decisions on industry. Parties to the RFA should allocate funding to properly undertake this research, just as they do with the environmental obligations of the RFAs.

### **Five-yearly reviews should be timely and examine all forest tenures**

The five-yearly RFA reviews should focus not just on environmental outcomes inside the forest area managed for wood production, but should also properly assess the performance across all associated and relevant land tenures (including National Parks). This should apply not just to the evaluation of RFA operations, but also to policies that impact on the native forestry industry, including the conservation and management of native flora and fauna.

There have been unacceptably long delays in the completion of the five-yearly reviews of the RFAs, both in NSW and nationally. These delays are solely the responsibility of the NSW and Federal governments and have opened the RFA framework up to criticism from environmental activist groups. In future, five-yearly reviews must be completed in a timely manner to ensure that the reviews remain relevant and credible.

### **Conclusion**

AFPA looks forward to working with the Australian and NSW Governments and other key stakeholders in improving RFA policy outcomes, and urges rapid progress on the 20-year renewal process, which will help deliver the certainty needed for an internationally competitive and sustainable forest industry.

AFPA notes that the Tasmanian RFA was extended by a further 20 years, and introduced a new five-year rolling extension effective upon the successful completion of each five-yearly review. This provides ongoing certainty and avoids the current situation of RFAs seemingly "expiring". AFPA supports the rolling RFA model and urges the NSW Government to adopt this approach.

Should you have any questions regarding these matters, please do not hesitate to contact Mr Victor Violante, Senior Policy Manager, on (02) 6285 3833.

Yours sincerely,



**Ross Hampton**

**Chief Executive Officer**

**Australian Forest Products Association**

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## **ATTACHMENT - Supplementary responses to AFPA's online questionnaire responses**

### **What elements would you want to see retained and remain unchanged in the extended RFAs?**

Apart from some minor amendment the following sections of the RFAs should remain unchanged:

- The Purpose of the Agreements
- The Duration of the Agreements
- The Basis of the Agreements
- The Five Yearly Review
- The ESFM principles
- Monitoring of sustainability indicators
- The commitments to Industry and Regional Development
- The commitments to Competition Principles
- The commitments to Research
- The commitments to a long term timber supply strategy

### **What elements would you want to change or see included?**

#### **All native forests**

- Include a legally binding commitment that requires the State of NSW to introduce new legislation to protect and balance all forest values (environmental, social and economic). The following provisions to be included within the legislation:
  - a minimum proportion and area of public native forest and a minimum yield of high quality timber from public native forest to be made available to the industry in perpetuity.
  - Flexibility mechanisms based on agreed criteria that permit the tenure and use of public land tenures to be more easily changed to achieve better environmental, social and economic outcomes.
  - Forest landscape management principles that explicitly recognise the importance of active and adaptive forest management, and a tenure-neutral approach to the management of common land management issues (i.e. wildfire, pest, weeds and climate change, recreation and tourism).
  - Implementation of a long term cross-tenure forest monitoring system within each RFA region.
  - An explicit requirement to use fire more proactively to protect and promote forest values including ecological health.
  - A requirement to improve forest health and productivity through investment in forest silviculture, ecological thinning and the pro-active marketing of low quality timber.
- Include a commitment to engage more indigenous people in ecological fire management.

#### **The CAR reserve system**

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- Include an acknowledgement that further expansion of the CAR reserve system is not required within the RFA regions as targets have been met and in many cases exceeded.
- Include a statement that enables boundaries of the CAR reserve system to be adjusted in the future to improve biodiversity conservation outcomes.
- Include a full disclosure about the cost of the CAR reserve system
- Include a commitment to dramatically improve transparency and accountability in the performance of National Parks and Reserves.
- Include a commitment to review and benchmark the performance of the National Parks and Wildlife Service against leading private companies who are specialising in biodiversity conservation.
- Include an acknowledgement that the listing of over 1,000 species as ‘threatened or endangered’ has been poorly evidenced and does not accord with international listing standards. Include a fully funded commitment to rapidly complete a scientific review of the listing of all threatened species in NSW in accordance with IUCN guidelines (as required under the Biodiversity Conservation Act, 2016) and make the findings of that review public.
- Include an acknowledgement that hundreds of thousands of hectares of forests with the CAR reserve system have been heavily impacted by catastrophic wildfire since the RFAs were first signed.
- Include a statement that explicitly recognises that wildfires within the CAR reserve system continue to pose a major direct threat to biodiversity and the protection of iconic species like the koala.
- Include a statement that explicitly recognises that the guidelines for ecological sustainable fire management that were designed to protect biodiversity values within the CAR reserve system have not worked and require a fundamental review.
- Includes an explicit commitment to encourage the use of biomass as renewable bioenergy.

### **What improvements could be made to the five-yearly review and consultation processes?**

Greater commitment and better public resourcing is needed to build a more durable monitoring and reporting systems that can be used to track RFA performance. Lack of commitment and poor resourcing both at the state and commonwealth level appears to be the primary reason why the Parties have performed poorly in the delivery of some of their key monitoring and reporting commitments.

### **What improvements could be made to support the day-to-day implementation of RFAs?**

Integrated Forest Operations Approvals (IFOAs) are the principal mechanism for implementing RFAs. IFOAs are extremely inflexible, unduly proscriptive, extremely complex and costly to implement. The IFOAs are unfortunately focused on enforcement rather than the achievement of quality outcomes.

NSW EPA is leading the remake of the coastal IFOAs. We believe that the NSW EPA is conflicted as it operates as both a forest policy maker and an environmental regulator. Day-to-day

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implementation of the RFAs will remain problematic while ever the EPA remains in control of making and policing the IFOAs.

### **What further research and monitoring could be important to consider for the extended RFAs?**

The introduction of long term cross-tenure forest monitoring is essential. Forest monitoring just on State forest is a major waste of public monies as there is no benchmark to which performance can be objectively judged.

Research and monitoring data is needed to properly assess and report on the performance of the RFA forest sustainability indicators. In particular, the timber industry seeks greater confidence in timber resource modelling. Research and technology that can improve the reliability of timber yield modelling should be a key Research & Development (R&D) priority.

Cross tenure research into the conservation status of species listed as threatened under the Biodiversity Conservation Act is sorely needed and long overdue. Vast tracts of land have been taken from timber harvesting and reserved on the dubious premise that they are providing critical habitat for threatened species. For many of these species, their listing can be traced back to there being a lack of basic knowledge and information about their natural distribution and density. Knowledge of the status of plants and animals in National Parks and reserves has barely advanced in fifteen years. In contrast over the last twenty years extensive fauna surveys on State forests have revealed that most of the species listed as threatened are in fact common and widespread, albeit at low densities (e.g. forest owls, yellow-bellied glider, quolls and koalas).

### **What improvements could be made to RFA related communication?**

Communication needs to be more timely, frank and honest. Many of the implementation failures under the RFA occurred because they were not properly communicated. When these failures were revealed, it was too late to address them. Through the five yearly reporting process, it is obvious that individual parties have been unwilling to make a full and frank disclosure when an obligation has not been met.

There have been unacceptably long delays in the completion of the five-yearly reviews of the RFAs, both in NSW and nationally. These delays are solely the responsibility of the NSW and Federal governments and have opened the RFA framework up to criticism from environmental activist groups. In future, five-yearly reviews must be completed in a timely manner to ensure that the reviews remain relevant and credible.

Both federal and state governments blame each other for the failure to meet five yearly reporting requirements in a timely manner either by levelling blame at a busy parliamentary timetable (federal and state) or agency failure at state level to meet milestones. The RFA process should be independent of political meddling and be based entirely on scientific monitoring and evaluation with peer review.

### **What improvements could be made to the RFA implementation framework to support a rolling extension mechanism?**

Having RFAs that last for 20 years and have a rolling extension mechanism (which automatically extends RFAs for a further five years if the five-yearly review is undertaken and a satisfactory outcome is achieved) is strongly supported.

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RFAs have not been immune from sovereign risk. Wood supply agreements have been effective in reducing that sovereign risk. If the industry is expected to innovate and reinvest, the certainty provided by the combination of an RFA and a wood supply agreement must continue.

The number of reporting obligations associated with the five-yearly review should be streamlined. The requirement for such a large number of reporting obligations will greatly diminish if the NSW government introduces legislation to protect and balance all forest values (as proposed above).

**What other improvements could be made to the RFA framework?**

Greater government accountability must occur. Under the current RFAs there are many cases where the Parties have failed to deliver on their commitments, obligations and milestones. Where this has occurred there has been no acknowledgement of fault, no commitment to make good and no recourse for those companies and people affected. This obfuscation of responsibility and duty has undermined the integrity of the existing RFAs.

As proposed above the RFA framework would be greatly improved if more of the commitments, obligations and milestones were made legally binding.

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