

NSW Forestry Industry Roadmap

What does it mean for the South Coast forestry industry?



Roadmap

The NSW Forestry Industry Roadmap is a strategic action plan to build a stronger, more competitive and ecologically sustainable forestry industry.

The Roadmap seeks to balance social, environmental and economic needs through strategic actions grouped under the following four pillars:

1. Regulatory modernisation
2. Balancing supply and demand
3. Community understanding and confidence
4. Industry innovation and new markets

Why is reform necessary?

Reform is needed to build a stronger, more competitive and ecologically sustainable forestry industry. While the wider NSW forestry industry faces its own challenges, the NSW South Coast industry faces specific local issues.



Key actions: South Coast

1. Complete a review of coastal Integrated Forest Operations Approvals
2. Renegotiate expiring native forest Wood Supply Agreements
3. Assist industry transition to smaller log sizes
4. Develop new native forest harvest and haulage standards
5. Support innovation and new markets
6. Build community understanding and confidence in the forest industry

Industry at a glance

- ✓ The NSW Forestry industry is worth \$2.4 billion annually.
- ✓ It has helped build our great cities and towns.
- ✓ More than 3,300 people are employed in NSW forestry and logging, timber wholesaling and forestry support services while approximately 19,000 people are employed in NSW paper and wood product manufacturing sectors.
- ✓ From ABARES Forestry Industry data it is estimated that the south coast forestry industry is worth \$75 million annually and supports 1,430 local jobs.
- ✓ Forestry has been the social and economic foundation of many South Coast communities for more than 100 years.
- ✓ Australian demand for forest products is estimated to increase by about 43% over the next 25 years.
- ✓ From the structures of our buildings, the furniture in our homes, to the newspapers we read, forestry products feature in almost every aspect of our daily lives.
- ✓ South Coast forests produce species including: Spotted Gum, Sydney Blue Gum, Yellow Stringybark, Silvertop Ash, Brown Barrel and Alpine Ash.
- ✓ The strong, durable and visually appealing nature of these timbers makes them suitable for flooring, decks and pergolas for many Australian homes as well as industrial and structural purposes such as power poles, wharves and bridges.
- ✓ Forest residues and poorer quality thinnings are utilised as pulpwood for paper.

1 South Coast native forestry industry current situation

Resource access and regulatory uncertainty, inappropriate or under-investment and cheaper imports from countries where environmental standards are often inferior to NSW, are key challenges for the entire NSW forestry industry. The following key issues in particular have created a complex operating environment for the South Coast forestry industry.

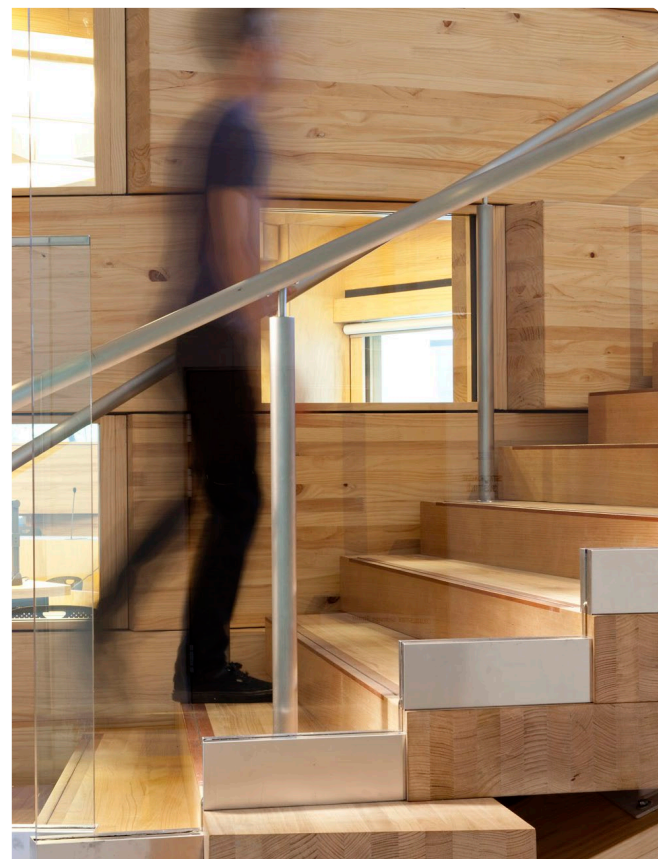
South Coast forestry issues

In 1999 and 2001 new 20-year supply contracts were negotiated. These fixed-term contracts committed the Forestry Corporation of NSW (FCNSW) to supply businesses with an annual volume of hardwood timber.

These agreements, together with previous industry restructures, have:

- ✗ provided little certainty, as the species mix and volume of timber supplied can vary greatly from month to month, making it difficult to run a business, plan and invest.
- ✗ reduced overall business investment in the local forestry industry, which has resulted in the closure of many sawmills and the loss of forestry jobs.

Timber supply on the South Coast is currently drawn from a mix of multi-age forests and pre-1970s regrowth, but will transition to total reliance on smaller regrowth (pre and post 1970s) after 2018. The industry will need to retool sawmills to allow processing of smaller size classes of sawlogs as it transitions to a regrowth resource.



ANDREW WORSSAM—PHOTOGRAPHER

2 What has the NSW Government done to date?

In recent years, the NSW Government has been working within the limitations of these long-term contracts to re-position the forestry industry on a long-term sustainable footing.

The NSW Government:

- ✓ announced in 2013 that it would remake the four existing coastal Integrated Forestry Operations Approvals (IFOAs) into a single coastal IFOA, to reduce the costs associated with implementation and compliance, and to improve the clarity and enforceability of the IFOAs. The NSW Government committed to delivering these objectives with no net change to wood supply and no erosion of environmental values.
- ✓ removed regulatory impediments to bioenergy by amending the Protection of the Environment Operations Act (regulation) in 2014. This brought NSW in line with the rest of Australia to allow the use of native forest residues to generate biomass electricity.
- ✓ Committed \$10.2 million over the past 4 years to forestry research and development through the Department of Industry – Forest Science Unit.

3 Where do we want the NSW forestry industry to be?

The NSW Government's vision for the forestry industry is for a sustainably managed forest estate that continues to support regional economies and delivers social and environmental benefits.

The vision supports the following four key government objectives:

1. **Create** 150,000 new jobs by 2019, of which 30,000 will be in regional NSW.
2. **Grow** the value of the primary industries sector by 30% by 2019.
3. **Maintain** key native forest values, including threatened species, and to oversee modern, effective and transparent regulation of native forestry operations on public and private land.
4. **Reform** the management of the State's biodiversity, including a review of the regulatory arrangements for native forestry.

5 What does it mean for..

The South Coast forestry industry

Build a stronger, more productive industry to deliver jobs, investment and innovation.

The environment

Implement a modern regulatory framework that is efficient, effective, outcomes based, enforceable and reflects best-practice regulation to ensure the industry is ecologically sustainable.

South Coast communities

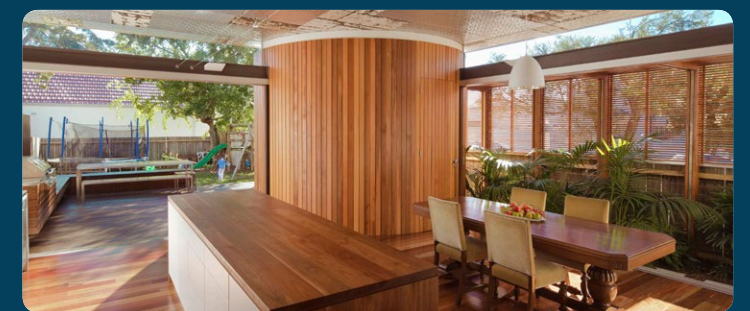
By working with South Coast communities, the Roadmap will allow consumers to be more confident that products from NSW forests are obtained legally and harvested under a well-regulated system of ecologically sustainable forest management.

My forestry business

For specific and tailored advice relating to your business, you are encouraged to contact your relevant business adviser and/or industry association.

4 NSW Government's way forward for the South Coast forestry industry

- ✓ Review the regulatory arrangements for public and private native forestry and develop a modern and simple regulatory framework that continues to recognise key differences between forestry operations on public and private land.
- ✓ Implement the recommendations of the Independent Biodiversity Review Panel.
- ✓ Conduct a comprehensive and independent review of current Wood Supply Agreements.
- ✓ Assist the South Coast forestry industry through its transition to a smaller resource.
- ✓ Renegotiate expiring Wood Supply Agreements to provide certainty and stability for all stakeholders into the future while ensuring the supply of timber continues to remain ecologically sustainable.
- ✓ Review the current Regional Forest Agreements with the Commonwealth Government.
- ✓ Develop new harvest and haulage standards with public consultation.
- ✓ Review the new Coastal Integrated Forest Operations Approvals, with public consultation.
- ✓ Conduct a review of the Private Native Forestry Code of Practice.
- ✓ Aim to build community understanding and confidence in the forestry industry.
- ✓ Improved timber resource and environmental modeling.
- ✓ Support innovation and new markets.
- ✓ Continue to invest in relevant Forestry Research and Development.

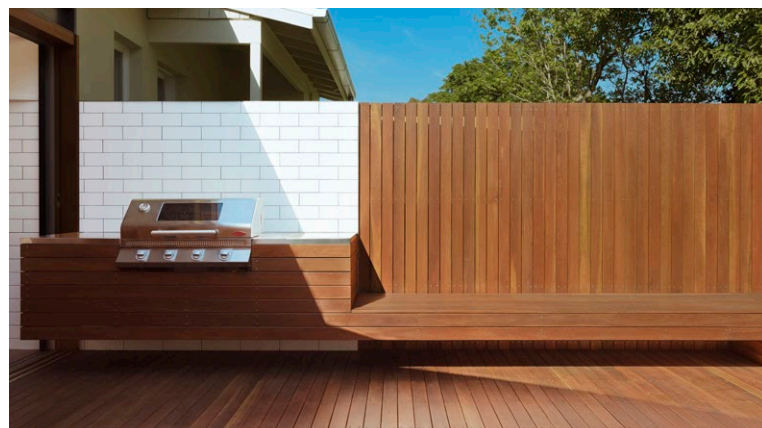


6 What are the next steps?

Targeted consultation

The NSW Government encourages all South Coast forestry stakeholders to participate in the consultation processes as we embark on this long-term journey of transformation.

Details of targeted consultation sessions will be made available on www.dpi.nsw.gov.au and www.epa.nsw.gov.au in due course.



ANDREW WORSSAM—PHOTOGRAPHER

South Coast Forestry Industry

Australian demand for forestry products up

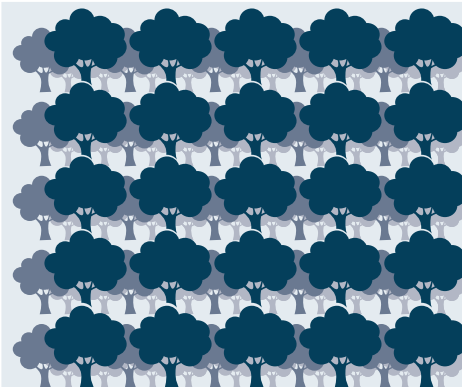
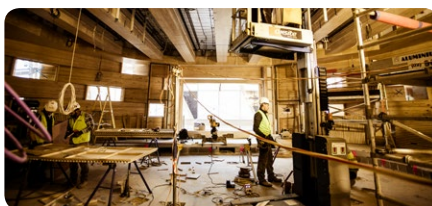
43% by 2040¹



GEHRY PARTNERS LLP—PHOTOGRAPH

Annual trade deficit of

\$2 billion²



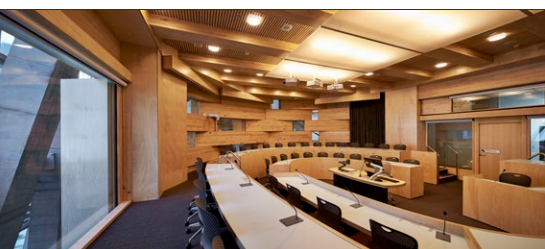
More than
100 years of forestry



1,430
South Coast jobs³

PETER BENNETTS—PHOTOGRAPH

\$2.4 billion
NSW forestry industry⁴



\$75 million⁶
value to the South Coast

NSW softwood
plantation sector industry
value: **\$1.924 billion**⁵

NSW native forestry sector
industry value:
\$465 million

^{1,2} Forest Industry Advisory Council (2015), a Strategic Directions Issues Paper, <http://www.agriculture.gov.au/SiteCollectionDocuments/forestry/fiac-issues-paper.pdf>

^{3,4,5,6} ABARES, Australia's State of the Forests Report 2013

For further information about the NSW Forestry Industry Roadmap visit:

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