

# NSW Forestry Industry Roadmap

## What does it mean for the plantation 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 plantation industry faces specific issues.



#### Key actions: NSW plantation forestry industry

1. Review barriers to investment in new plantations
2. Discussion paper on new investment in new long rotation plantations
3. Periodic review and update of Plantation & Reafforestation Act and Code
4. Support innovation and new markets

### 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 and approximately 19,000 people are employed in NSW paper and wood product manufacturing sectors.
- ✓ From ABARES Forestry Industry data it is estimated that the forestry plantation industry is worth an estimated \$1.9 billion annually and supports 11,600 jobs.
- ✓ Forestry has been the social and economic foundation of many NSW 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.
- ✓ 75% of NSW plantation forests are exotic softwoods, the majority of which is Radiata pine, which is widely used for house frames, furniture, veneer, plywood, news print and particle board.
- ✓ Growth in plantation forestry since the late 1990s has primarily involved hardwood species, and a large proportion of these are concentrated in the North Coast region of NSW.
- ✓ Eucalypts make up the majority of hardwood plantation forests, with the most common being Blackbutt, Dunn's white gum, Flooded gum and Spotted gum.

# 1 Plantation forestry industry current situation

## Need to promote investment in long rotation plantation forestry

Existing plantation areas are reaching their productive capacity, and expansion of the resource is required to meet projected increases in domestic demand if further reliance on imported timbers is to be avoided.

The NSW plantation industry also requires additional resource to provide 'economies of scale' to support further investment and compete with overseas markets. The Commonwealth Government Plantations for Australia: the 2020 Vision aimed to achieve this by trebling the plantation estate between 1997 and 2020. This resulted in significant expansion of the NSW hardwood plantation estate, however plantings were often poorly located and management focused on producing pulp wood. The decline of the pulp wood market on the NSW North Coast together with failure of many Management Investment Schemes (MIS) during the Global Financial Crisis has led to many of these plantations being sold and returned to agriculture. Investors are currently wary of MIS and alternative options need to be pursued to restore investor confidence.

Recent national industry reports including from the Forest Industry Advisory Council, have identified the need to focus on strategic forestry regions or 'hubs' especially with respect to plantation establishment and infrastructure investment. The NSW Forest Industries Taskforce has also identified the need for increased planting of softwood and hardwood plantations. The softwood industry in particular requires further plantation establishment to drive future industry growth.

## New investment in modern plant and equipment required

There are opportunities for the forestry industry to develop new products such as engineered solid wood products, paper and packaging and wood bio products. However, this is limited by the significant investment required for processors to purchase the equipment necessary to develop these products.

These products represent new domestic and overseas markets for the NSW timber industry, however there is a need for investment in new equipment and technology.

# 2 What has the NSW Government done to date?

The NSW Government:

- ✓ has worked with the NSW Forest Industries Taskforce to identify opportunities for the expansion of the forest plantation resource, and the forestry plantation sector.
- ✓ is involved in negotiations with the Federal Government to identify means of supporting further investment in plantation establishment, resolving potential land use conflicts with agriculture and to recognise the role that plantations can play in the emerging carbon economy.
- ✓ reviewed and updated the Plantations & Reafforestation Act and Code in 2011 to ensure the regulatory framework continues to facilitate plantation developments in line with best environmental practice. Further periodic reviews will be conducted.
- ✓ committed \$10.2 million over the past 4 years to forestry research & 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.

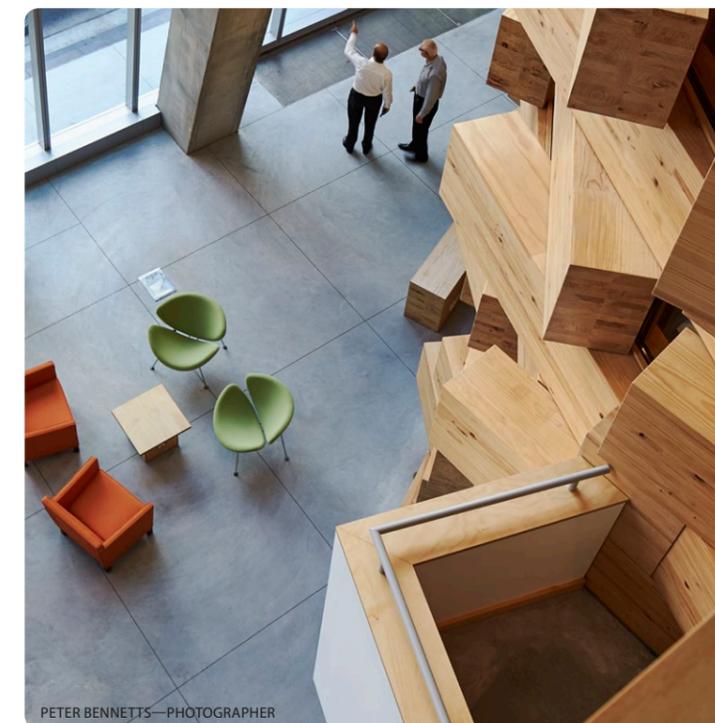
The vision supports the following four key government objectives:

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.

# 4 NSW Government's way forward for the plantation forestry industry

The NSW Government is committed to expanding the forestry plantation sector.

- ✓ Discussion paper on investment in new plantations and the identification of regulatory barriers will be prepared.
- ✓ Public consultation on investment in the Plantations discussion paper.
- ✓ Periodic review and update of Plantation & Reafforestation Act and Code.
- ✓ Explore barriers to investment in new plantations.
- ✓ Explore options for promoting plantation investment.
- ✓ Support innovation and new markets.
- ✓ Aim to build community understanding and confidence in the forestry industry.
- ✓ Continue to invest in relevant Forestry Research and Development.



PETER BENNETTS—PHOTOGRAPHER

# 5 What does it mean for...

## The Plantation Forestry Industry

Build a stronger, more productive plantation 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.

## Communities

By working with local 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 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.

# 6 What are the next steps?

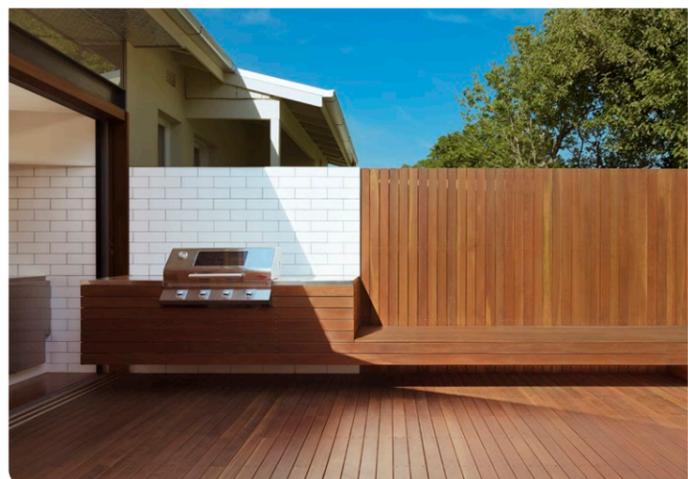
## Targeted consultation

The NSW Government encourages all 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](http://www.dpi.nsw.gov.au) and [www.epa.nsw.gov.au](http://www.epa.nsw.gov.au) in due course.



ANDREW WORSSAM—PHOTOGRAPHER



CPLUS ARCHITECTURAL WORKSHOP AND PHOTOGRAPHER JACKIE CHAN

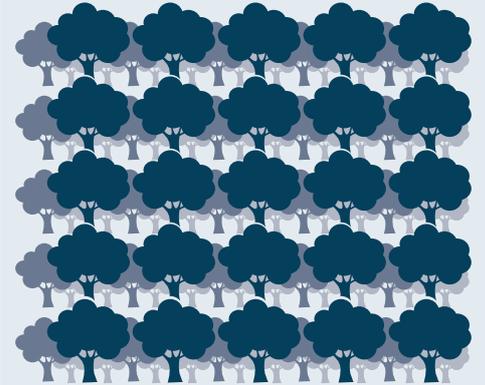
# Plantation Forestry Industry

Australian demand for forestry products up **43%** by 2040<sup>1</sup>

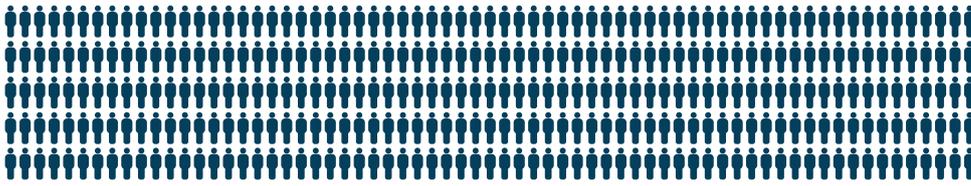


Annual trade deficit of **\$2 billion**<sup>2</sup>

GEHRY PARTNERS LLP—PHOTOGRAPH



More than **100 years** of forestry



**11,600** plantation sector jobs<sup>3</sup>

**\$2.4 billion** NSW forestry industry<sup>4</sup>

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Plantation forestry industry: **\$1.9 billion** annual economic value<sup>6</sup>

NSW softwood plantation sector industry value: **\$1.924 billion**<sup>5</sup>

NSW native forestry sector industry value: **\$465 million**

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

<sup>3,4,5,6</sup> ABARES, Australia's State of the Forests Report 2013

For further information about the NSW Forestry Industry Roadmap visit:

**[www.dpi.nsw.gov.au](http://www.dpi.nsw.gov.au)** or **[www.epa.nsw.gov.au](http://www.epa.nsw.gov.au)**

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