



LEGISLATIVE COUNCIL

PORTFOLIO COMMITTEES

BUDGET ESTIMATES 2021-2022 Supplementary Questions

Portfolio Committee No. 4 – Industry

REGIONAL NEW SOUTH WALES

Hearing: Wednesday 3 November 2021

Answers due by: 1 December 2021

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REGIONAL NEW SOUTH WALES

Questions from the Hon Mark Buttigieg MLC (on behalf of the Opposition)

Forestry

1. In 2018 the Government announced a \$7.2 M allocation in the Budget to DPI for 'cross tenure forest monitoring'. What has been the outcomes of this work in 2021?
 - (a) Since 2018 what on-ground monitoring data has been collected?
 - (b) Since 2018 how many written reports have been produced?
 - (c) Is DPI still the major agency in the respect to this Budget Allocation?
 - (d) How much money has been spent on cross tenure monitoring compared to IFOA monitoring?
 - (e) How has this budgetary allocation assisted cross tenure forest monitoring?
 - (f) What has been the expenditure split between the monitoring of environmental, social and economic forest values?
 - (g) How does the Government define 'cross tenure' forest monitoring?
 - (h) How many social and economic monitoring projects have been completed?
 - (i) Has the program fed any new data into the five yearly RFA review that finished on 30 June 2021?
 - i. If so, please provide details?

ANSWER

I am advised:

The Department of Regional NSW (Primary Industries) received the initial funding allocation for this program. The funds were redirected by the Premier to the NSW Natural Resources Commission (NRC) which is now the agency responsible for developing the NSW Forest Monitoring and Improvement Program. DRNSW is still an active participant and one of the lead agencies for delivery of forest research under the program.

2. Does the wood supply agreements (WSA) owned and operated by Boral contain preference clauses which are not found in any other WSA with any other native forest timber saw miller in NSW?

- (a) Do any of these preference clauses provide with Boral with a floor on preference marketable tree species and a cap on less marketable tree species?
- (b) Is it correct that a 2014 variation gave Boral:
 - i. A minimum share of total north coast Blackbutt supply at 85% of timber harvested?
 - ii. The floor for blackbutt is set a fixed cubic metre level?
 - iii. A guaranteed minimum of total supply for spotted gum, brush box, tallow wood and Sydney Blue Gum of 49% of annual harvested?
 - iv. A floor was set for this timbers in the WSA?
 - v. A cap was set for New England hardwood species, which reduced Boral's commercial exposure to less favoured species in the retail market?

ANSWER

I am advised:

Wood Supply Agreements for hardwood customers and the 2014 Deed of Variation are published on the Forestry Corporation website.

- 3. Why does the government continue to include forestry operations and plantation clearing in the land use change statistics termed as land clearing when the Biodiversity Review Panel in 2014 recommended they be removed on the basis that forestry is regenerated or replanted therefore not a land use change?
 - (a) Why does the Government only report on canopy removals and not canopy additions?
 - (b) Did EES use the Review of old growth mapping to look for endangered fauna and flora?

ANSWER

I am advised:

This is a matter for the Department of Planning, Industry and Environment.

- 4. How many direct jobs does the timber industry currently provide?
 - (a) How many indirect jobs does the timber industry currently provide?
 - (b) What is the timber industry's contribution to Gross State Product per annum?
 - (c) What is the timber industry's contribution to Gross State Regional product per region per annum?

ANSWER

I am advised:

(a-b) According to Australian Bureau of Statistics labour force data for 2020-21, Forestry employed an average of 868 persons over 2020-21, with Forestry Support Services employing a further 2,033 persons, together totaling 2,901 direct jobs over this period. Indirect jobs in downstream manufacturing relating to forestry (Wood Product Manufacturing and Pulp, Paper and Converted Paper Product Manufacturing) amounted to 17,036 persons over 2020-21.

The Department of Primary Industries estimates the timber industry added value of \$2.841 billion in 2019-20 (the latest year available).

(c) There is no data available on the timber industry's contribution to Gross State Regional Product per region per annum.

5. How many hectares of commercial timber plantation are there currently in NSW?

ANSWER

I am advised:

The *Plantations and Reafforestation Act 1999* requires plantations greater than 30 hectares to be authorised. The Department of Primary Industries maintains a public register of authorised plantations.

6. How many new hectares of timber plantations have been established in NSW as a result of the Australian Government's "Growing A Better Australia" policy, released in 2018?

(a) How is the NSW Government supporting the "Growing A Better Australia" policy?

ANSWER

I am advised:

The NSW Government committed to expanding the plantation estate in the NSW Forestry Industry Roadmap. In 2018, the NSW Government committed \$24 million to the expansion of the public plantation estate for timber production. The devastating bushfires of 2019/20 had a significant impact on the publicly-owned plantation timber estate in NSW, with 25% of the softwood plantation estate and 15% of the hardwood plantation estate in NSW impacted by fire.

Forestry Corporation has commenced an accelerated replanting program that will see fire-affected plantations fully restocked by 2027. This will increase the annual cost to Forestry Corporation of replanting plantations by an estimated \$15 million per annum to \$41 million per annum over seven years.

Additionally, Forestry Corporation has acquired approximately 7,300 hectares of land for softwood plantations since December 2016. The NSW Government has injected \$46 million equity in Forestry Corporation to support fire recovery, with around \$28 million of this fund allocated to supporting this vital replanting work, including by increasing capacity at seedling production nurseries.

An additional \$22.6 million, being the balance of the \$24 million four-year fund announced by the NSW Government in 2018 to purchase private land to expand the plantation estate, has also been redirected to replanting efforts. Forestry Corporation production nurseries in Tumut and Grafton have already been expanded thanks to this funding. Around 16 million seedlings will be planted in this season, restocking an estimated 12, 000 hectares of softwood plantations in 2021, well up on the average. The replanted area of hardwood plantations has also increased and this will be maintained over a five-year period.

- a) The NSW Government will continue to look at opportunities to expand the plantation footprint, including hardwood plantations, as a means of alleviating pressures on the native forest estate which was also impacted by the 2019/20 bushfires.

7. Was NSW represented at the National Forestry Ministers' meeting on the 30 September 2021?

- (a) If yes, did the NSW government join other states in imploring the Commonwealth to further reform their Emissions Reduction Fund water rule to ensure that NSW's new forestry plantations can fully benefit from the fund?
- (b) What is the NSW Government's position on the issue of reforming the Emissions Reduction Fund water rule to ensure that NSW's new forestry plantations can fully benefit from the fund?

ANSWER

I am advised:

Yes.

(a-b) The NSW Government supports initiatives to increase plantation and farm forestry participation in the Emissions Reduction Fund (ERF), including the Commonwealth Government's amendments to the 'water rule' in 2020 which allow projects in higher rainfall areas to proceed with registration under the ERF if located in an area where tree planting is unlikely to significantly impact on the catchment water balance.

8. What was the rate of harvest and supply of softwood in NSW prior to the 2019/20 bushfires?

ANSWER

I am advised:

Information about timber supply is published annually in Forestry Corporation's Sustainability Report on its website.

9. What was the rate of harvest and supply of hardwood in NSW prior to the 2019/20 bushfires?

ANSWER

I am advised:

Information about timber supply is published annually in Forestry Corporation's Sustainability Report on its website.

10. How was softwood harvesting in each NSW region affected by the 2019/20 bushfires?

ANSWER

I am advised:

Forestry Corporation of NSW only holds information for harvesting operations from State forests, not private plantations. Timber volumes harvested from softwood plantations are reported annually in Forestry Corporation's Sustainability Report.

The impact of fire on timber plantations managed by Forestry Corporation is detailed by region on the Forestry Corporation website.

Forestry Corporation has carried out significant salvage harvesting operations in softwood plantation areas impacted by fire, which has increased timber production and volumes in the short term

11. How was hardwood harvesting in each NSW region affected by the 2019/20 bushfires?

ANSWER

I am advised:

Forestry Corporation of NSW only holds information for harvesting operations from State forests, not private plantations or private native forests. Timber volumes harvested from native forests and hardwood plantations are reported annually in Forestry Corporation's Sustainability Report.

On the north coast, the majority of operations have been moved to hardwood timber plantations for the past two years. Operations on the south coast, where there are no hardwood timber plantations, reduced to around a third of the normal rate under augmented environmental conditions.

12. What is the current rate of harvest and supply of softwood in NSW?

ANSWER

I am advised:

Forestry Corporation of NSW only holds information for harvesting operations from State forests, not private plantations. Timber volumes harvested from softwood plantations are reported annually in

Forestry Corporation's Sustainability Report. Production figures from 2020-21 reflect the record timber salvage program that was substantially completed during that financial year.

13. What is the current rate of harvest and supply of hardwood in NSW?

ANSWER

I am advised:

Forestry Corporation of NSW only holds information for harvesting operations from State forests, not private plantations or private native forests. Timber volumes harvested from native forests and hardwood plantations are reported annually in Forestry Corporation's Sustainability Report.

14. What is the current forecast for softwood harvesting in NSW?

ANSWER

I am advised:

Forestry Corporation of NSW only forecasts timber volumes from State forests, not private plantations. Forestry Corporation's long term sustainable softwood yield is approximately 3.6 million tonnes per annum but will be reduced to 3 million tonnes per annum in the medium term during recovery from the 2019-20 fires.

15. What is the current forecast for hardwood harvesting in NSW?

ANSWER

I am advised:

Forestry Corporation of NSW only forecasts volumes from State forests, not private plantations or private native forests. Sustainable timber yield modelling from native forests and hardwood plantations is published on Forestry Corporation's website.

16. What steps has the government taken to ensure coordination and efficiency of timber supply in NSW?

ANSWER

I am advised:

Since the 2019/20 bushfires, the Government has continued to support the salvage of timber where possible from fire-affected areas and drive accelerated replanting programs. The salvage harvesting effort has been complemented by the NSW Government's \$46 million equity injection to Forestry Corporation to support re-establishing plantations, expanding production nurseries to increase seedling production and repairing infrastructure and roads damaged by fire.

In August 2021 the former Deputy Premier issued a direction to Forestry Corporation to divert selected softwood log exports to domestic markets over the next three years. That direction will result in an additional 270,000 tonnes of timber entering the domestic supply chain.

Other actions from the NSW Government to support the timber industry (including addressing timber shortages) have included:

- \$41.8 million in approved Bushfire Industry Recovery Package sector development grants
- \$10 million for haulage of fire-affected timber and \$15 million for storage assistance (with complementary Commonwealth assistance). NSW successfully negotiated a one-year extension with the Commonwealth for haulage subsidy claims (now expiring June 2022)
- Low interest loans from the Forest Industries Innovation Fund (including a recent increase in the loan cap from \$3 million to \$5 million)
- Exploration of alternative timber supplies for domestic needs in NSW (including timber previously exported)
- Diversion of harvesting efforts from native forests to hardwood plantations to maintain a level of supply while forests recover from the fires
- Working closely with the NSW EPA to ensure harvesting could continue in native forests, appropriately at reduced levels, under site specific operating conditions
- Sourcing alternate opportunities for native forest harvesting and haulage contractors while native forests recovered including work in burnt softwood haulage, and hazard reduction work in National Parks following bushfires
- Actively promoting the expansion of private native forestry

17. What steps have been taken to secure alternate timber supply for NSW in the short term?

ANSWER

I am advised:

See answer to 16 (above).

18. What steps have been taken to secure alternate timber supply for NSW in the long term?

ANSWER

I am advised:

Forestry Corporation maintains 100-year timber supply projections to ensure long-term timber supply from State forests. Following the impact of the 2019-20 fires, the NSW Government has assisted Forestry Corporation with an accelerated replanting program to regrow affected timber plantations and restore long-term timber supply. This has helped Forestry Corporation's production nurseries to be expanded and this season approximately 16 million seedlings were planted to re-establish softwood and hardwood timber plantations, up from a normal 10 million.

19. What steps has the government taken to ensure that grants provided via the Bushfire Local Economic Recovery Fund to bushfire impacted timber supply chain businesses, secure permanent jobs?
- (a) Has there been commitments sought from employer grant recipients to commit to protect local jobs and employment outcomes?
- i. If not, why not?
 - ii. If yes, provide examples.

ANSWER

I am advised:

Bushfire affected timber businesses have been funded for a range of projects that enables them to retain employment as well create new employment opportunities. Projects include diversification of production at timber mills, expansion to new markets and adaptation to new processing technologies.

- a) Grants recipients were required to demonstrate how their projects support the productivity, sustainability and strengthening of the industry supply chain, including a commitment to retain local employment for at least three years after project completion. For example, Visy Pulp and Paper was one of several timber mills to receive funding under the Sector Development Grants stream of the Bushfire Local Economic Recovery Fund. It is estimated that through the funding Visy will retain and create 1,230 jobs.

20. Has there been an increase in freighting costs in relation to the freighting of salvaged logs from the 2019/20 bushfires to timber mills?

ANSWER

I am advised:

Yes. Some of these costs have been underwritten by government transport subsidies.

21. Do timber processors bear any costs associated with extra freighting costs under the terms of the delivery of their Forestry Corp contracts?

ANSWER

I am advised:

Forestry Corporation holds a range of different contracts with individual customers and the terms of delivery are addressed in these individual agreements.

22. Do haulage operators bear any costs associated with extra freighting costs under the terms of the delivery of their Forestry Corp contracts?

ANSWER

I am advised:

Forestry Corporation holds a range of different contracts with individual contractors and the terms of delivery are addressed in these individual agreements.

23. The Australian Government recently announced a \$15.1 million federal freight subsidy to transport timber from Kangaroo Island. Is the NSW Government required to equal the Federal Government subsidy for the freighting of salvage logs from Kangaroo Island?

- (a) Timber mills in Tumut and Tumbarumba are two of the few mills in Australia with the additional processing capacity who could process this wood, is this correct?

ANSWER

I am advised:

Issues relating to the Commonwealth Government's Construction Softwood Transport Assistance Program, remain under consideration between NSW and Commonwealth Government agencies.

24. Will the NSW Government contribute to the costs associated with freighting the timber from Kangaroo Island to NSW processors if it is requested to by NSW processors?

ANSWER

I am advised:

See answer to 23 (above).

25. On 17 September 2021 it was announced by the former deputy Premier that the NSW Government directed Forestry Corporation to divert selected softwood log exports impacted by the China trade embargo, to domestic markets supplying an additional 270,000 tonnes of timber enter the domestic supply chain over the next three years. Is this 'direction' a legislative and regulatory right of the NSW government?

- (a) If Forestry Corp was privatised, as the Government had previously planned, would the Government be able to 'direct' Forestry Corp to redirect timber supply?

ANSWER

I am advised:

This is a ministerial direction which has ensured that additional quality timber supplies are available for mills in NSW.

- a) Forestry Corporation remains a state owned corporation.

26. Can you guarantee that the privatisation of Forestry Corp won't be re-considered?

ANSWER

I am advised:

This is a matter that should be directed to the Treasurer.

27. When determining, finalising, and allocating contracts for both harvesting and processing, does Forestry Corporation use any formal or non-formal non-price mechanisms?

- (a) What criteria does Forestry Corp use when determining, finalising, and allocating contracts for both harvesting and processing timber?

ANSWER

I am advised:

Yes.

- a) The criteria vary depending on a range of factors and are detailed in the documentation provided to prospective tenderers.

28. When contracted timber supply can't be met and *force majeure* provisions are available for Forestry Corporation, how is the decision on which businesses get or do not get wood, determined?

ANSWER

I am advised:

Forestry Corporation's wood supply agreements have provisions that require the Corporation to allocate available timber to all affected agreement holders in proportion to their respective entitlements.

29. Does Forestry Corporation require their own staff and/or and the staff of their contractors (harvest and haulage, silviculture, and planting etc.) to have any occupational training, including any nationally accredited training?

(a) If yes, what training for what job roles?

ANSWER

I am advised:

Yes.

a) Forestry Corporation employs staff in a range of professional roles and the individual technical requirements for each job are considered and assessed on a case by case basis.

30. A recent report by AFPA and Master Builders Australia released in September this year indicated that NSW will be 50,000 house frames short by 2035. What are the short, medium and long term initiatives to address this issue?

ANSWER

I am advised:

See the responses to questions 16, 17 and 18.

31. Does the Government have any plans to privatise Forestry Corp?

ANSWER

I am advised:

See the response to question 26.

Questions from Ms Abigail Boyd MLC

Strategic Statement on Coal

32. On what day was the Advisory Body for Strategic Release first asked for advice on how to remove the Hawkins-Rumker, Ganguddy-Kelgoola and Wollombi areas from the Strategic Statement as prospective coal mining areas?

ANSWER

I am advised:

Information provided by the ABSR is Cabinet-in-confidence. It should be noted that the Advisory Body operates in a transparent manner and recommendations it provides to the Minister for Resources are made public after consideration by Cabinet.

33. Will the Strategic Statement be amended to remove the Hawkins-Rumker, Ganguddy-Kelgoola and Wollombi areas as areas for strategic release?

ANSWER

I am advised:

These are matters for Cabinet.

34. Are any further amendments to the Strategic Statement planned or being discussed?

ANSWER

I am advised:

Refer to page 10 of the Strategic Statement on Coal Exploration and Mining in NSW.

35. Is it the government's position that there will be no new greenfield coal mines in NSW?

ANSWER

I am advised:

The Government's position on coal mining is outlined in the Strategic Statement on Coal Exploration and Mining in NSW.

36. Will the government commit to ruling out any future greenfield coal exploration and mining?

ANSWER

I am advised: See question 35 (above).

Amendments to Mining Act and Petroleum (Onshore) Act

37. Is the Department working on a change to the calculation of royalties for gas?

ANSWER

I am advised:

Gas industry and other stakeholders have been notified about proposed changes and will have the opportunity to review and comment on the drafting of the proposed amendment to the *Petroleum Onshore Act 1991* before it's finalised. This amendment will be part of an upcoming exposure Bill.

38. Has the Department been in consultation with the gas industry in developing the proposed change?

ANSWER

I am advised:

The Department consults widely.

39. Would the proposed change allow fossil fuel industries to include more costs such as marketing expenses (that they alone can determine) as a deduction from their royalty payments due?

ANSWER

I am advised:

See answer to question 37.

40. What is the timeline for this change?

ANSWER

I am advised:

See answer to question 37.

41. Is the plan to produce an exposure draft of changes to the Mining and Petroleum (Onshore) Acts, or will it go straight into a proposed Bill?

ANSWER

I am advised:

See answer to question 37.

Mine Rehabilitation

42. How much interest was accrued on the cash balance held for mine rehabilitation security deposits?

ANSWER

I am advised:

\$138,851.70 in 2020/21.

43. How much interest would have accrued per annum if the full value of rehabilitation security deposits were held in cash rather than as bank guarantees?

ANSWER

I am advised:

Due to the different assumptions required in relation to interest rates and when cash deposits were received, it is not possible to provide a definitive answer to this question. As at November 2021, the Department of Regional NSW holds \$3,438,354,116 in security deposits.

44. How many times since its formation has the cross-agency Mine Rehabilitation Steering Committee met?

(a) What recommendations for reform have come out of the Committee?

ANSWER

I am advised:

The Committee has met 10 times since its formation.

a) The Committee has examined issues such as post mine land use, final voids, residual risk and care and maintenance.

45. What are the rehabilitation obligations on coal mines who decide to change their purpose and therefore their final landform? e.g. Muswellbrook coal mine announced plans to transform into an 'industrial hub' with pumped hydro, solar, battery storage and green hydrogen. Muswellbrook has a rehabilitation bond of over \$50 million, and this plan will significantly alter their proposed final landform.

ANSWER

I am advised:

The post mining land use, which includes the final landforms, are approved as part of the development consent granted under the *Environmental Planning and Assessment Act 1979* (EP&A Act). Where an alternative land use is approved under the EP&A Act, rehabilitation plans under the *Mining Act 1992* must be adjusted to meet that approved alternative land use.

Northern Rivers Rail Trail

46. At the June 17 meeting of the Tweed Council, the Chair of Destination North Coast and Vice President of the Northern Rivers Rail Trail Mr Cameron Arnold stated that the Government's Rail Trail funding was "only ever awarded for an on-formation construction". He stated that to award an off-formation tender at this stage the Council would risk the funding entirely. This statement completely contradicts the Council Resolution of 2018 where Councillors voted to accept on or off formation tenders. Is it correct that the NSW Government's funding is contingent on the rail trail being constructed on formation?

ANSWER

I am advised:

The Tweed Shire Council must adhere to the conditions of the funding deed entered into with the NSW Government to deliver the \$7.8 million Murwillumbah to Crabbes Creek rail trail. Any proposed variation to the project scope requires a formal request to be submitted and approved by Infrastructure NSW.

New England Rail Trail

47. When should we expect legislation for the planned New England rail trail?

ANSWER

I am advised:

See answers to Questions on Notice for the Minister for Regional Transport and Roads.

48. Will the legislation be available as a consultation draft before it is introduced?

ANSWER

I am advised:

This is a matter for Transport for NSW.

49. Will it be developed in consultation with Glen Innes Severn & Armidale councils?

ANSWER

I am advised:

This is a matter for Transport for NSW.

50. Has the Department undertaken any cost analysis for what it would cost to reinstate the rail line?

ANSWER

I am advised:

No.