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Forestry In NSW

by

Stewart Smith

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NSW PARLIAMENTARY LIBRARY RESEARCH SERVICE

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EXECUTIVE SUMMARY

The forest and timber industry can be divided into five categories, woodchips, pulp and paper, sawmilling, veneers and the production of wood based panels. Australia has a significant trade surplus of woodchips, but a \$1.1 billion deficit of pulp and paper products (page 3)

There are approximately 14.8 million hectares of forest in NSW, covering about 19 percent of the land. Of this forest estate, 23 percent is in State Forests, 60% in private ownership and 17% in reserves. An estimated 29% of NSW forests, or 4.3 million hectares, have been logged. (page 6)

The National Forestry Policy Statement outlines agreed objectives and policies between the State and Federal governments for the future management of public and private native forests. (page 6) The Statement provides for the Commonwealth and States to complete a comprehensive regional assessment of forests, leading to a Regional Forest Agreement. An Agreement may specify land use boundaries, forest management guidelines and consultative arrangements between governments and is expected to last from ten to 20 years.

As part of a Regional Forest Agreement, the Commonwealth and signatory State government have committed themselves to establish a system of forest reserves based on principles of comprehensiveness, adequacy and representativeness. (page 8) These are known as CAR reserves, and are to be managed to protect their natural values and safeguard endangered and vulnerable species and communities. Forests not included in the CAR reserve system will be available for other forest uses, including timber harvesting. The Commonwealth has prepared a list of Deferred Forest Areas, which will be further studied to determine if those forests should be part of the CAR reserve system. It is the identification of these Deferred Forest Areas that has created some dissatisfaction and protest from the conservation movement recently. In NSW, the Resource and Conservation Assessment Council is responsible for coordinating regional assessments with the Commonwealth to form the Regional Forest Agreements.

The NSW government has introduced a range of reforms of the forest industry. Timber quotas from native forests have been cut and under the *Forest Restructuring and Nature Conservation Act 1995* \$130 million has been accessed from the Environmental Trust Funds to pay for land acquisition for national parks and a restructuring program for the timber industry (page 13). These programs have been met with broad support from all sectors involved, including industry associations, unions and environment groups.

The plantation industry has grown enormously over the last decade, and is set to out-compete native forest harvesting (page 14). Plantations already dominate the market for wood production. Plantations are an agricultural crop and leading plantations in south east Australia can grow 14 times more wood per hectare than the average native forest used for wood production. There are enough plantation areas across Australia to support new sawmills and pulp and paper mills. It is argued that the large volumes of plantation wood now available for processing means the community can now choose what the future of Australia's native forests is to be.

The Commonwealth and State governments are hopeful that the successful implementation of the National Forest Policy Statement will lead to a reduction of conflict in the timber industry and that a sustainable value added industry will result.

1.0 Introduction

...the workshops also confirmed that the use of our remaining native forests for large scale timber production is no longer socially, politically or environmentally acceptable. The long term value of native forests for biodiversity conservation, catchment protection and amenity far outweighs the short term production returns.¹

CSIRO "Environmental Futures Workshop"

...The social and economic consequences of further unnecessary forest lockups would also include increased importation of timber from countries with unsustainably managed forests, the undermining of industry investment plans, a significant reduction in rural jobs and income and the destruction of viable communities.²

Dr R.Bain, National Association of Forest Industries

The above two statements define the parameters for the national forest debate. On one side, conservation groups and sectors of the community want the forest industry to stop logging native forests and grow and harvest plantations. On the other side, the forest industry believes that logging of native forests is sustainable and essential for regional development. Governments lie somewhere in between, but are in general committed to establishing a system of reserves, the establishment and support of plantations, whilst still allowing the sustainable harvesting of timber in native forests not included in the reserve system.

The wood and wood products industry can be divided into several subcategories, including woodchips, pulp and paper, sawmilling, veneers and the production of wood based panels. Woodchips are produced from pulplogs obtained from native forests, plantations and sawmill residues. Australia has a significant trade surplus of woodchips, with Australian woodchip exporters licensed to export approximately 5.5 million tonnes of hardwood chips. At present there are 23 pulp and paper mills in Australia involved in the conversion of roundwood thinnings, native forest, harvesting residues and sawmill waste to pulp and paper. Australia imports about one third of paper consumed domestically and has a significant trade deficit in the pulp and paper sector of \$1.1 billion in 1990-91.³

The sawmilling sector processes hardwood and softwood logs into timber. The sector, particularly that based on native hardwood forests, is characterised by a large number of small operators, geographically dispersed. The large mills that do exist are based exclusively on plantation grown softwood, capital intensive and technologically advanced. Veneers from hardwood and softwood are glued together to make plywood. There are 15

¹ "Forestry Futures" in *The Futures Gazette*, November 1995. This article reported the conclusions of a workshop held by the CSIRO with 120 "insightful" Australians who participated in a series of Environmental Futures workshops.

² Dr Robert Bain, Executive Director of the National Association of Forest Industries, in an article written by him in *The Sydney Morning Herald*, 26 October 1995.

³ Resources Assessment Commission, 1992, *Forest and Timber Inquiry Final Report*. AGPS.page 278

plywood mills in Australia, with production meeting about two-thirds of consumption. Wood based panels are produced from hardwood or softwood pulplogs, thinnings or sawmill residues. The raw material is chipped, converted to fibre and fabricated into panels or boards. This is a growing sector and Australia is largely self sufficient in this area.⁴

The forest industry Australia wide is generally the subject of much debate, attracting the interest of the media and a wide cross section of society. In response to this, in 1992 the Commonwealth and State governments developed and signed a National Forest Policy Statement. The Statement is an outline of agreed principles and priorities for forest management. However, the implementation of the Statement has not removed the controversy from the forest debate.

2.0 The State of the Forest Resource

This section provides information on the forest resources of NSW:⁵

- there are approximately 14.8 million ha of forest in NSW, covering about 19% of the land and comprising about 36% of Australia's forest area.
- of the 14.8 million ha, 23% is in State Forests, 60% in private ownership and 17% in reserves.
- In NSW 2% of the forest area is plantations, 90% of which is exotic pine and 10% hardwood.
- Australia imports more forest products than it exports, with a trade deficit of \$1.78 billion in 1993-94. Pulp and paper products accounted for 62% of imports and sawn wood 22%.

There is a diverse mix of forest groups in NSW, including rainforest, distinctive Eucalypt groups and large areas of native pine and woodland. Table One provides an estimate of many of these forest groups and their tenure.⁶

⁴ *ibid* p 278

⁵ NSW Environment Protection Authority, 1995, *New South Wales State of the Environment 1995*.

⁶ *ibid* p 290

Table 1: Estimates of Forest Types and Ownership, 30 June 1994						
Forest Type	Forest Ownership ('000 ha)					% of total forest area
	State Forest	National Park	Other Crown Land	Private Property	Total	
Native Forest						
Rainforest	147	77	6	33	263	2
Eucalypt forest						
Blackbutt	198	59	12	110	379	3
tall,moist coastal	291	157	52	183	683	5
tall, moist tableland	692	452	201	235	1580	10
medium dry	816	549	528	1348	3241	22
low, dry	250	871	284	800	2205	15
western box, ironbarks	303	342	1922	1724	4291	28
river red gum	105	13	83	123	324	2
white cypress pine	528	57	608	632	1825	12
Total native forest	3,330	2,577	3,696	5,188	14,791	98
Plantation						
Softwood	201			66	267	1.8
Eucalypt	26			1	27	0.2
Total Plantation	227			68	295	2
Total Forest	3,557	2,577	3,696	5,256	15,086	
% of total	23%	17%	25%	35%	100%	
Total NSW	3,700	4,400	32,700	39,200	80,000	

It is apparent from Table 1 that some forest groups are more highly represented in the reserve estate than others, usually as a result of their poorer or uncommercial nature for wood production. Conversely, forests such as river red gum and white cypress pine have only four and three percent respectively of their total area in a reserve system. The importance of forest conservation on private property is highlighted, as it is this type of tenure that has the highest forested cover.

An estimated 29% of NSW forests, or 4.3 million ha have been logged. Of the native forest in State forest lands, about 59% percent is available for logging. The equivalent figure for private land is about 39% and for Crown land about 15%. These smaller percentage areas for the latter two tenures reflects the higher proportion of uncommercial or remote forests and generally steeper terrain than on other timber lands.⁷

2.1 Timber - hardwoods and softwoods - an explanation

Historically, timber has been divided into two categories, hardwoods and softwoods. The hardwoods, or those timbers of greater natural strength, are dominated by the eucalypts. Traditional uses of hardwoods includes timber for housing construction, railway sleepers, wood chips for pulp and paper manufacture and veneer. Softwoods, with the pine *Pinus radiata* dominating the market, have traditionally been used for making particle board and softwood pulp logs. However, the uses for the two forms of wood are rapidly becoming interchangeable. For instance, in South Australia 91 percent of the market for sawn timber is met by softwoods.⁸ Softwoods are increasingly competitive and gaining market share from the hardwoods, with the Resource Assessment Commission concluding that the best prospects for hardwoods appear to be in applications requiring weather resistance and durability, appearance grades for furniture and feature veneer, and niche markets within the structural timber market.⁹

3.0 The National Forest Policy Statement

In December 1992 the Commonwealth and State governments, with the exception of Tasmania, signed the National Forest Policy Statement (NFPS)¹⁰. The Statement outlines agreed objectives and policies for the future of Australia's public and private forests. The signatory governments committed themselves to implement the Statement as a matter of priority. The Statement was an attempt by governments to coordinate forest management, and is a reflection of the work of three major reports, the Ecologically Sustainable Development Working Group on Forests, the National Plantations Advisory Committee, and the Resource Assessment Commission Forest and Timber Inquiry. The Statement

⁷ *Ibid* p 291

⁸ Resource Assessment Commission, 1992, *op cit* p 19.

⁹ *Ibid* p 20

¹⁰ Commonwealth of Australia, 1992, *National Forest Policy Statement. A new focus for Australia's forests*. Tasmania has subsequently signed the Statement.

maintains the tradition of managing public and private native forests for multiple use. Underpinning the Statement is the agreement between the States and Commonwealth to negotiate Regional Forest Agreements, comprising a network of comprehensive, adequate and representative reserve system, whilst all other forests not in this reserve system would be available for multiple use, including wood production.

The implementation of the Statement is overseen by a sub-committee of the following two Ministerial Councils, the Ministerial Council on Forestry, Fisheries and Aquaculture and the Australian and New Zealand Environment and Conservation Council. This body is called the Joint ANZECC/MCFFA Implementation sub-committee (JANIS).

The NFPS has set the agenda for forest policy since 1992. It is therefore important to understand the content of the Statement in order to appreciate both Commonwealth and State actions. The Statement is 52 pages long, including a vision, national goals, 11 areas of specific objectives and policies and an implementation strategy. The following is a summary.

3.1 The Vision

The vision of the NFPS is the ecologically sustainable management of Australia's forests.

3.2 National Goals

Eleven goals were identified, including;

- Conservation - maintain an extensive and permanent native forest estate and to manage this estate so that the full suite of forest values can be conserved.
- Wood production and industry development - develop internationally competitive wood production and wood products, maximising value adding opportunities.
- Integrated and coordinated decision making and management - reduce fragmentation in the land use decision making process between the States and the Commonwealth.
- Private native forests - these forests are maintained and managed in an ecologically sustainable manner.
- Plantations - expand commercial plantations of softwood and hardwood so as to provide an additional, economically viable, reliable and high quality wood resource.
- Water supply and catchment management - ensure the reliable, high quality water supply from forested land and to protect catchment values.
- Tourism and other economic and social opportunities - manage forests for a range of uses.

- Employment, workforce education and training - expand employment opportunities and the skills base of people working in forest management
- Public awareness, education and involvement - foster community understanding and support for ecologically sustainable forest management.
- Research and Development - increase research and development and ensure it is well coordinated

3.3 Specific Objectives and Policies

Four fundamental approaches lay the foundations for this section, including;

- governments will set the regulatory framework for the use of native forests in order to achieve social and environmental objectives. Within these constraints, market forces should determine the extent of resource use.
- commercial uses of forests that are based on ESD practices are appropriate and desirable. The establishment of plantations should be determined on the basis of economic viability and international competitiveness.
- governments will seek complementary management of forests for all uses.
- there should be a sound scientific basis for sustainable forest management.

3.4 Regional Forest Agreements

The Statement provides for the Commonwealth and individual States to complete a comprehensive regional assessment of forests, leading to a Regional Forest Agreement. This process is designed to offer a mechanism for governments to resolve competing demands on forest resources, and to deliver a high level of certainty to industry and other forest users. An RFA may specify land use boundaries, forest management guidelines and consultative arrangements between governments, and is expected to last from ten to 20 years.¹¹ In late December 1994, the Prime Minister announced that export woodchips from native forests would be phased out by the year 2000 if they were from a forest not covered by a RFA.¹²

As part of a Regional Forest Agreement, the governments have committed themselves to establish a system of reserves based on principles of comprehensiveness, adequacy and representativeness. These are known as CAR reserves. The CAR reserve system is to be managed to protect natural values, and is designed to safeguard endangered and vulnerable

¹¹ Commonwealth of Australia, 1995, *Regional Forest Agreements. The Commonwealth position.*

¹² *Ibid* p 2

species and communities. The protection of old-growth forests and wilderness areas are separate strategies under the NFPS. Factors such as wilderness and forest recreation are therefore separate and largely independent considerations that should not be part of the CAR process.¹³

Complementary management outside CAR reserves and the promotion of the management of private forests in sympathy with nature conservation goals are other stated ways to pursue nature conservation objectives. The Statement makes it clear that forests not included in a CAR reserve will be available for a range of other uses, including logging. The Commonwealth government has prepared a draft list of Deferred Forest Areas, which will have further study to determine those forests which will be included in the CAR reserve system. The DFA proposal is aimed at protecting 15 percent of the forest area that existed before European settlement. It is important to note that this percentage figure is for a region, and not based on national averages or goals. Other factors for determining DFAs include the retention of at least 60% of old growth forests, increasing up to 100% (where practicable) for rare old growth, and protection of 90% or more wherever practicable, of areas of high quality wilderness that exceeds minimum size thresholds.¹⁴ It is the identification of these DFAs that created some anxiety in the conservation movement towards the end of 1995, and a critique of the DFA process follows in Section 3.6.

In NSW a Northern, Central, Southern and Eden region are to be assessed for a DFA, covering a total of 11.9 million ha. Of this approximately 2.1 million ha of forests are reserved and 2.19 million ha of native forest are managed by State Forests NSW, with some 68% of this estate managed for timber production. In NSW, the Resource and Conservation Assessment Council is responsible for coordinating comprehensive regional assessments with the Commonwealth to form the Regional Forest Agreements.

On the 22nd January 1996 the Minister for Land and Water Conservation Hon Kim Yeadon MP released the final list of compartments available for logging in NSW. State Forests will have a pool of 1,864 compartments from which to plan harvesting operations, and logging has been deferred in the remaining 1.5 million ha of forest pending assessment by the Resource and Conservation Assessment Council.¹⁵

3.5 Old growth forests and Wilderness

The logging of old growth forests and wilderness areas is treated as a separate issue under the NFPS. Old growth forests are those that are ecologically mature (the upper stratum or overstorey is in the late-mature to over-mature growth phases) and has been subjected to

¹³ Recher, H, (1995) "Deferred Forest Areas", Submission on behalf of the *National Biodiversity Council*. Page 3

¹⁴ Commonwealth of Australia, 1995, *National Forest Conservation Reserves. Commonwealth Proposed Criteria. A Discussion Paper*.

¹⁵ "Public consultation on logging compartments complete" Media Release, Kim Yeadon, Minister for Land and Water Conservation 22 January 1996.

negligible unnatural disturbance such as logging, roading and clearing.¹⁶ Old growth forests have significant biodiversity characteristics, as some plants and animals are restricted to the old growth stage or are dependent on old growth for some of their habitat requirements. Once destroyed, old growth and the habitat for associated species cannot be recreated in less time than it takes for the longest lived trees to reach maturity. Old growth forests also have significant economic value for wood production, water catchment and cultural values.¹⁷

The Statement contains a five stage process for conserving old growth and wilderness areas. These are:

- 1) Agreed criteria for old growth forests and wilderness will be determined through the Ministerial Councils Australian New Zealand Environment and Conservation Council and the Australian Forestry Council.
- 2) Using the above criteria, the State agencies will, as a matter of high priority, undertake assessments of forests for conservation values, including old growth and wilderness values.
- 3) Until the assessments have been completed, forest management agencies will avoid activities that may significantly affect those areas that are likely to have a high conservation value.
- 4) *Comprehensive, adequate and representative reservation system to protect old growth forest and wilderness values from public lands will be in place by the end of 1995. All necessary forest from private land will be included in the reservation system by the end of 1998.* (italics added)
- 5) Management plans will be developed to protect old growth forest and wilderness values.

It is clear that the implementation of the Statement has not followed the plan as outlined in point four as above. Newspaper reports have also claimed that NSW State Forests have not avoided activities that may significantly affect those areas that are likely to have a high conservation value.¹⁸ Some scientists have also reportedly criticised the process, and have called the NFPS a political exercise to avoid a confrontation over woodchipping and also

¹⁶ Commonwealth of Australia, 1992, *National Forest Policy Statement. A new focus for Australia's forests.* Page 49.

¹⁷ Commonwealth of Australia, 1995, *National Forest Conservation Reserves. Commonwealth Proposed Criteria. A Discussion Paper.* Page 7

¹⁸ Pugh,D, "Balancing logging and forest protection" *Sydney Morning Herald*, 26 October 1995

claimed that the Deferred Forest Assessment system is being abused.¹⁹

3.6 A Critique of the Deferred Forest Areas process of the NFPS

The National Biodiversity Council (NBC) is an association of scientists and academics who study, and are concerned with, biodiversity issues. The Council provided commentary on the process of selecting Deferred Forest Areas (DFAs) by the States as part of the National Forest Policy Statement, as described above. The Council concluded:²⁰

The identification of Deferred Forest Areas and the procedures employed by the States in identifying DFAs are inappropriate for the conservation of forest biodiversity and are inadequate to either protect old growth forest or to ensure the ecologically sustainable forest management.

The Council made a number of other observations, including:

- The States failed to take a precautionary approach. Where data is inadequate, or when there is insufficient time to complete analyses of existing data, the appropriate action is to be cautious and take action to minimise disturbance to forest ecosystems. The NBC concludes that in virtually every case of uncertainty or lack of information, decisions by the States favour logging rather than the protection of forest biodiversity and ecosystem functions or processes.
- The approach taken by NSW of excluding logging from all old growth forests greater than 25ha in size shows a better understanding of the precautionary principle than other States.
- Inappropriate use of reservation targets. The NBC supports the NSW government's position of taking a flexible approach to the Commonwealth's criteria of reserving 15% of the pre-1750 area of all forest types. However, the NBC does not accept the alleged approach taken in NSW of first removing the areas wanted for logging and then determining whether or not the 15% criteria was met with the remaining forest.²¹ This process is contrary to the procedures outlined by the Commonwealth, and is also unscientific and relegates the conservation of forest biodiversity and the protection of forest functions to an inferior position relative to timber production.

¹⁹ "Scientists slam policy on forests" in *Daily Telegraph Mirror*, 15 November 1995. Reporting of the comments of Professor Harry Recher of the University of New England.

²⁰ Recher, H, (1995) "Deferred Forest Areas", Submission on behalf of the *National Biodiversity Council*. The National Biodiversity Council has been formed to represent the views of academics and scientists working in the biological diversity field.

²¹ See "Federal official sacked over forest document leak" in *Sydney Morning Herald*, 30 October 1995. The article referred to leaked documents from the Federal Government criticising the NSW government for giving the first choice of forests to State Forests rather than selecting the best areas of each forest type from a conservation perspective.

- The DFA's identified by the States were characterised by gross inadequacies and oversimplification in the presentation of data, coupled with a general failure to consult with the community. The maps, figures and data provided by the States in their reports are unreliable and mis-leading.
- The NBC does not believe that the identification of forest types is a totally suitable surrogate for identifying all flora and fauna for a CAR system. "Forest types" is unlikely to be suitable for the reservation of reptiles, frogs or invertebrates. Invertebrates need special attention which represents the main part of forest biodiversity.
- For a variety of well known reasons (eg, high elevation, poor soils), the existing system of forest national parks is both unrepresentative and inadequate for the conservation of forest biodiversity.

The NBC concluded that it was more appropriate to designate areas of known low conservation value for logging and to exclude all other forest from logging pending a thorough assessment of their biodiversity values. The increasing area of plantation timber available for use means that the logging of native forests can be reduced whilst establishing a CAR system of forest reserves and placing native forest management on an ecologically sustainable basis. The NBC considers that this option has been ignored by the States in identifying DFAs.²²

The National Association of Forest Industries has criticised the Commonwealth government's position to reserve 15 percent of the pre 1750 area of all forest types. The Director of the Association has described this criteria as excessive and not in the national interest, and said that it far exceeds the standards set by world conservation bodies. The Association considers that if the 15 percent criteria is applied inflexibly, it will lead to the unnecessary closure of large parts of the forest industry in NSW and Queensland.²³

The Minister for Land and Water Conservation Hon Kim Yeadon MP announced on 22 January 1996 that public consultation on the selection of logging compartments for DFAs was complete, and claimed that "We have listened to the concerns of the community and produced a fair and balanced document which provides for industry and the environment".²⁴ However, part of the information package provided for the public consultation process was described by the Opposition as almost illegible, incomprehensible and of no use to those who were to participate in the consultation process.²⁵

²² Recher, H, 1995, *op cit* Page 6

²³ Dr Robert Bain "Industry opposes Coalition policy on 15% reserve criteria" Media Release 5/2/1996, National Association of Forest Industries.

²⁴ "Public consultation on logging compartments complete" Media Release, Kim Yeadon, MP Minister for Land and Water Conservation 22 January 1996.

²⁵ NSWPD, LA, 10 October 1995, p. 1481

4.0 Forestry Reforms in New South Wales

The NSW Government has responded to the challenges of forestry and nature conservation with a package of reform in line with the principles of the National Forest Policy Statement. The heart of the package is the *Forestry Restructuring and Nature Conservation Act*, which enables money to be accessed from the Environmental Trusts program to fund forest industry restructuring and nature conservation programs. The Minister for the Environment Hon Pam Allan MP claimed that the *Forestry Restructuring and Nature Conservation Act* will facilitate the most far reaching and important conservation gains in the State's history.²⁶ Whilst the Government has announced that logging quotas from native forests will be reduced by 30% (40% in Eden) from July 1996, the Minister for Land and Water Conservation Hon Kim Yeadon MP has confirmed that once forests have been set aside for the nature reserve system, those forests outside the reserve system will be permanently available to the industry.²⁷

The Government's forestry reform package attracted considerable debate, with the NSW Opposition disagreeing with parts of the package. Criticisms included the compensation package being funded from the "wrong" source, and the fact that the Environmental Trusts should not be accessed for these reforms. The Opposition was opposed to a forestry policy that makes compensation necessary and considered that the Government was misguided in its forestry policy, claiming that it was following a green agenda with no rational basis.²⁸

4.1 Forestry Restructuring and Nature Conservation Act 1995

One of the planks of the environment platform of the NSW Labor Party at the last State election was to reform the forest industry and create 24 new National Parks. The *Forestry Restructuring and Nature Conservation Act 1995* is the result of this promise. The Act allows the income and capital from the Environmental Trusts to be used for obtaining land for new National Parks, restructuring the forest industry and other smaller associated nature conservation works.²⁹ Fifty million dollars will be allocated towards National Park purchases over four years, \$60 million for forestry restructuring over five years and just over \$20 million for the smaller environmental initiatives. In December 1995 it was announced that the Commonwealth government would also allocate \$60 million to NSW for timber industry restructuring assistance, bringing the total amount to \$120 million.³⁰

²⁶ NSWPD, LA, 11 October 1995, p.1553

²⁷ "Yeadon says security is the goal" Media Release, Kim Yeadon, MP, Minister for Land and Water Conservation 10 November 1995.

²⁸ NSWPD, 17 October 1995, p 1858.

²⁹ NSWPD, 11 October 1995, p 1553.

³⁰ "Yeadon welcomes \$120 million for timber industry and workers" Media Release Kim Yeadon, Minister for Land and Water Conservation, 8 December 1995.

4.2 Timber Plantations (Harvest Guarantee) Act 1995

One of the impediments to the establishment of commercial timber plantations has been the lack of security to harvest the plantation in the face of environmental restrictions. This Act provides for the accreditation of plantations and removes the need for accredited plantations to obtain licences under the *National Parks and Wildlife Act 1974* before harvesting timber. It also removes the need for development consent for harvesting operations under Part 4 of the *Environmental Planning and Assessment Act 1979* or environmental assessment under Part 5 of that Act. The Act ensures that harvesting must be done in accordance with harvesting codes. The next section on plantations describes this Act in greater detail.

5.0 Timber Plantations - can they replace the logging of native forests?

The Australian Conservation Foundation (ACF) and other conservation groups have been supporting the establishment of timber plantations for some time. In 1989 the ACF developed a hardwood plantation strategy which involved: the declaration of high conservation forests as national parks; the establishment of eucalypt plantations on already cleared land to provide the bulk of needs for hardwood; the provision of timber for industry from lower conservation forests whilst the plantations are maturing; and the transition to low-intensity selective logging to produce high valued timber in the lower conservation forests in the longer term.³¹ Historically, this approach has found little support with once low native forest log prices working against the establishment of plantations. For instance, the NSW Public Accounts Committee in 1990 recommended that higher prices for eucalypt timber from native forests would improve the economic viability of hardwood plantations, and concluded that this was “a strategic initiative of such great importance that the Commission’s long failure to seriously address it is nothing short of baffling.”³²

Plantations may be developed either as part of an expansive scheme covering hundreds or thousands of hectares or as part of discreet small plantations on private land often mixed with farming. In general, softwood plantations have been developed as the large scale plantings, and hardwoods have been promoted as part of sharefarming schemes. Currently NSW has 294,684 ha of plantations, with 90% of this area consisting of exotic pine plantations in clearly recognisable plantations. Only 25% of pines are grown on private land. Hardwoods comprise 10% of the plantation resource, which is mostly comprised of eucalypt plantations (27,565 ha).³³ It is only recently that extensive hardwood plantations have been supported. Exotic pine plantations are concentrated in two major regional

³¹ Cameron, J (1989) *The Future of Hardwood Plantations in NSW, A Discussion Paper*. Australian Conservation Foundation.

³² Parliament of New South Wales, Public Accounts Committee (1990) *Report on the Forestry Commission*. Report Number 52 page 80.
The Committee found that eucalypt prices were generally lower than the market could bear, and that the case for raising native timber prices was overwhelming (page 79).

³³ NSW Environment Protection Authority, 1995, *New South Wales State of the Environment 1995* page 295

centres on the Central and Southern Tablelands around Bathurst and Tumut. An expanding softwood industry is based on these resources. A substantial but younger softwood plantation resource near Bombala does not yet support an industry.³⁴ The National Forest Policy Statement has identified considerable scope for the commercial growing of wood on cleared agricultural land in higher rainfall areas that are close to markets.³⁵

Two recent reports have supported the establishment of plantations. These are the 1990 Report to the NSW Premier's Round Table on the Environment, Working Party on Eucalypt Plantations and the 1991 National Plantations Advisory Committee Report. There is only a very small holding of eucalypt plantations on private land, and as a response to this The Round Table Report investigated the feasibility of introducing eucalypt plantation sharefarming. Recommendations included establishing industry/farmer annuity based sharefarming arrangements for eucalypt plantations. With such a scheme, farmers are paid each year for the use of their land for 20 year eucalypt plantations, with industry or government bearing all costs and receiving all revenue upon harvesting.³⁶ Whilst proposals for such a scheme never eventuated, other joint ventures were promoted.

For instance, in February 1995 the Minister for Land and Water Conservation Hon George Souris MP announced an improved State Forests eucalypt plantation program. The program established joint ventures between landholders and State Forests to jointly plant and manage plantations on private land. On harvesting, the two parties were to share any financial returns with the minimum share for landowners being 20 percent, rising to 80 percent of the return if the landowner did more of the work. Other identified benefits were improved land value, stock shelter and reduced landslip and erosion hazard.³⁷ In the 1994-95 financial year, the joint venture program signed up almost 2000 hectares of private land. In the 1995-96 financial year the State Government is to provide \$8.5 million to establish 3000 hectares of eucalypt plantations, mainly in joint ventures with private landowners.³⁸

The 1991 National Plantations Advisory Committee reported on strategies for private sector development of plantations on cleared agricultural land. The Committee recognised the benefits for farmers of diversifying farm production, as well as other social and environmental advantages of small eucalypt plantations on farms. Environmental gains include utilising plantation areas for disposal of waste water from commercial and urban

³⁴ *Ibid* page 295

³⁵ Commonwealth of Australia, 1992, *National Forest Policy Statement. A new focus for Australia's forests* page 29

³⁶ *Report to the Premiers Round table On the Environment. Working Party on Eucalypt Plantations.* May 1990.

³⁷ Souris,G. "Minister praises State Forests joint venture plantation program" Media Release 8 February 1995.

³⁸ "Plantation program supported on the land" *Bush Telegraph* October 1995, Vol 5, Issue 3.

areas.³⁹ The Committee noted that the major obstacles to the development of plantations on cleared agricultural land include taxation, pricing, export controls and other legal restrictions. As taxation issues are Commonwealth responsibilities, this paper will concentrate on the other identified issues.⁴⁰

One identified problem is the issue of property rights relating to trees established under joint ventures when one partner wants to sell. A secure secondary market for the rights of the joint venture needs to be established. One way to do so is to legislate for long term legal security for joint venture schemes. For instance Tasmania has legislated that forestry rights shall be deemed to be a *profit a prendre* (see below). A forestry right is defined as a right granted by the owner of any land to any other person to establish and harvest, or maintain or harvest a crop of trees on that land.⁴¹ These rights may be registered under the *Land Titles Act 1980*. A *profit a prendre* has been described as “a right to take something off another person’s land”.⁴² This means that there is a right to sell the timber from a plantation but this does not include the land in which the timber grows. Whilst generally the right to take timber seems a *profit a prendre*, governments need to legislate to make this clear.⁴³ The National Forest Policy Statement notes that State governments “will establish a sound legal basis for separating the forest assets component from the land asset for the purposes of selling timber.”⁴⁴

The National Plantation Advisory Committee recommended that the States adopt uniform legislation with respect to forestry rights and *profit a prendre*.⁴⁵ The Committee noted that several States and local government authorities require development approvals for the establishment of plantations. The Committee recommended that these governments make tree planting for commercial wood production an ‘as of right’ use where such plantings are performed as an integral part of agricultural production.⁴⁶ The streamlining of ‘red tape’ is seen as critical to the promotion of plantations.

³⁹ Commonwealth of Australia, 1991, *Integrating forestry and farming. Commercial wood production on cleared agricultural land*. Report of the National Plantations Advisory Committee.

⁴⁰ For more information on these Commonwealth issues, see Resources Assessment Commission, 1992, *Forest and Timber Inquiry Final Report*. AGPS. page 268

⁴¹ *Forestry Rights Registration Act 1990 (Tas)* section 3.

⁴² Neave, MA, Rossiter, CJ, Stone, R, 1988, *Property Law Cases and Materials*. 4th Edition. Butterworths.

⁴³ The Law Book Company, *The Laws of Australia*. The Law Book Company Limited.

⁴⁴ Commonwealth of Australia, 1992, *National Forest Policy Statement. A new focus for Australia’s forests* page 30

⁴⁵ Recommendation 9

⁴⁶ Recommendation 10

The NSW government has recently introduced the *Timber Plantations (Harvest Guarantee) Act 1995*, in an attempt to remove impediments to the harvesting of plantation timber. The Act provides a scheme to accredit plantations, removes the need to obtain licences under the *National Parks and Wildlife Act 1974* whilst carrying out harvesting operations, removes the need for consent under Part 4 or Part 5 of the *Environmental Planning and Assessment Act 1979* in relation to the carrying out of harvesting accredited timber plantations and provides for a timber plantation harvesting code. The Minister for Land and Water Conservation the Hon. Kim Yeadon stated that the *Timber Plantations (Harvest Guarantee) Act* is the second stage of a four stage process to accelerate the development of hardwood plantations. The first stage involved the doubling of State Forests hardwood plantation establishment target, the third stage is the publication of a hardwood plantation strategy for the State and the fourth stage will bring the NSW planning and development regulations affecting the establishment of plantations into line with the requirements of the national forest policy statement. The Minister stated that the emphasis will be on achieving consistency of development requirements and “as of right” plantation establishment within designated planning zones.⁴⁷

In a major report on the plantation industry funded by the Commonwealth government for the State Conservation Councils, it was found that plantations already have a major impact on the timber supply industry. The author concluded the following:⁴⁸

1) Plantations already dominate Australian markets for wood production

Processed wood products compete with other materials in four main markets-shelter, packaging, communication and personal care products. Most wood used to manufacture products for these markets already comes from plantations. In 1994, plantations supplied 65 percent of the wood used for shelter, and 70 percent of the wood fibre used in Australia’s manufacture of paper products. Wood from native forests accounted for only 35 percent and 30 percent respectively.

2) Market competition will continue to favour plantations for wood production at the expense of native forests

Plantations are an agricultural crop, and leading plantation regions of south east Australia can grow 14 times more wood per hectare than the average native forest used for wood production.

3) Plantation wood supplies are poised for continued major expansion

Australia has over one million hectares of plantations. In 1994, plantations supplied 9.6 million metres³, 80 percent of which was processed in Australia. By comparison, native forests supplied 10.3 million metres³ of wood, 50% of which was exported as chips in

⁴⁷ NSWPD, Hansard Proof, LA, 7 December 1995

⁴⁸ Clark, J., 1995, *Australia's Plantations. Industry, Employment, Environment. A Report to the State Conservation Councils*. Environment Victoria. Page xi

1994. By 2000, plantations are projected to supply 16 million metres³ of wood per annum (including 1.6 million metres³ of eucalypts)

4) Major investment in plantation processing is already underway

Australia's plantation processors have current plans for approximately \$1 billion of investment in the 1990's. The plantation industry is working to secure the domestic market from competitors, particularly Australian producers of native forest sawntimber, and imports. Australia can anticipate expanding exports of plantation based shelter products, eg, exports of plantation wood based panels increased by 500 percent over the four years to June 1994.

5) There is enough plantation wood to supply even more investment

The additional plantation wood becoming available could support a range of further investments, eg, three new large sawmills, at least three new world scale panel plants and/or three new world scale pulp and paper mills. There is enough wood so that simultaneously: plantation products could replace native forest sawn timber within five years; softwood and eucalypt plantations and recycling could support a major expansion in pulp and paper production, shift the industry's wood base to plantations almost completely, and significantly reduce pulp and paper imports, all within ten years.

6) The plantation based industry is a major job generator because it undertakes extensive further processing

Plantations are estimated to generate approximately 30,000 jobs at present (90% in manufacturing). The further processing of plantation sawntimber and wood based panels appears to be the single most important source of employment in the Australian wood products industry today. By the year 2000 growing, harvesting and processing plantation wood is conservatively estimated to generate at least 45,000 jobs in total.

7) Regional Australia will benefit from the growth in the plantation processing industry.

Australia's plantation industry is regionally based, and investment in the plantation sawntimber and wood panels industry is already providing major benefits for regional Australia.

8) If native forests are to compete with plantations in producing wood they would have to be made like plantations with short rotations and intensive management.

The native forest based industry is characterised by large volumes of low value products (mainly woodchips for export), lack of investment, shrinking employment and high level of conflict. It cannot compete with the efficient, market oriented plantation based industry. The outlook is for most native forest wood to be exported as chips, while regrowth native forests, if allocated for wood production, are converted to plantations.

9) The community has a choice

The large volumes of plantation wood now available for processing means the community can now choose the future for Australia's native forests.

10) To reap the benefits that Australia's plantation processing industry can deliver in the 1990's, all stakeholders have to escape from past attitudes and structures of declining relevance.

The author recommends that governments should aim to facilitate the development of a world competitive wood products industry through domestic processing of Australia's plantation resource to the maximum extent that is commercially viable. Governments should distinguish between plantation and native forest parts of the industry and facilitate the growth potential of the plantation processing industry. The management of publicly owned plantations (70% of the plantation estate) should be separated from native forest management.

The report as outlined above provides a clear picture of a plantation industry that is world competitive, expanding and of long term value and benefit to regional Australia.

The National Association of Forest Industries (NAFI) responded to the above plantations report with the following critique:⁴⁹

- the issue of greatest concern to the plantation industry is the recent reduction in plantation establishment rates. This acts as a severe disincentive to investment in processing facilities. This trend and impact must be identified and recommendations made to ensure Australia's plantation establishment rate is raised.
- supply and demand pressures on Australia's forest resource were treated in isolation from the rest of the world. Wood production from Australia's forests and the opportunity for additional plantations must be considered in the context of increasing Asian demand and reducing supply from North America and tropical forests.
- investment in further processing will be market driven and will only occur if the cost of delivered product to market is internationally competitive. The report assumes that availability of the resource is all that is needed to ensure further processing. It fails to address issues of international competitiveness or the need to earn commercial rates of return on investment.
- controversy and conflict relating to the use of natural forests have acted as a disincentive to investment in processing facilities. There needs to be a clear commitment from government and environment groups to the future of the

⁴⁹ "Response to "Australia's Plantations - a report to the State Conservation Councils" National Association of Forest Industries, September 1995.

plantation industry irrespective of decisions relating to natural forests.

- The importance of plantations has never been kept secret. It has been overshadowed by the focus of the media and environment groups on natural forests. The plantation industry has been the result of planning and foresight.
- the report fails to acknowledge three of the most important issues in the forest industry today; the international supply and demand of forest products; current Australian forest policy initiatives; and the need for continued establishment of plantations.
- natural forests and plantations play complementary roles within the industry. Plantations cannot completely substitute for wood from natural forests.
- self-sufficiency in forest products is not an appropriate aim for the forest industry and could never be achieved.
- the natural forest industry is not in decline. It is processing a relatively stable volume of resource and continually finding higher value markets.
- the National Forest Policy Statement and Wood and Paper Industries Strategy (Cth) are the accepted cornerstones of current and future forest industry policy in Australia. The report ignores several key elements of these documents and acts only as a distraction to the formation of policy.
- the benefits of an integrated plantation and natural forest industry based on the principles of sustainable forest management are substantial. However, the report refuses to even consider the option of such an industry.

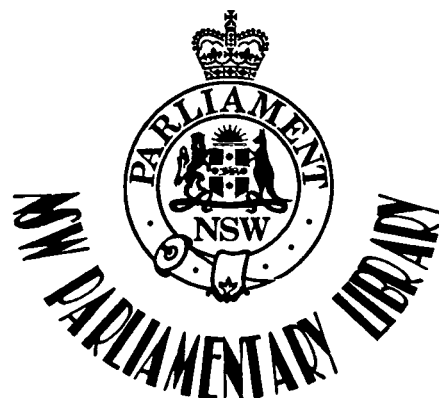
6.0 Conclusions

Whilst the timber industry has been portrayed as one of conflict, with images of unemployed young people blockading logging machinery the staple diet of the media, the shape and image of the industry is changing. The package of forest reform as announced by the Carr government during 1995 has received support from many sectors of the industry. Mr Col Dorber of the NSW Forest Products Association, a leading industry association, and the Construction, Forestry, Mining and Energy Union have both supported the reforms.⁵⁰ Whilst the conservation movement has had concerns about the process of selection of deferred forest areas, in general there has also been qualified support for the reform agenda.

It is with this background that the Commonwealth and State governments hope that the forest industry will become a sustainable, value added industry that grows from a spirit of cooperation rather than conflict.

⁵⁰ "Between the wood and the trees, a path to hell" *Sydney Morning Herald*, 28 October 1995.

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