



**South East Region Conservation Alliance**

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## **Draft Protection of the Environment Operations (General) Amendment (Native Forest Bio-material) Regulation 2013**

### **Submission by the South East Region Conservation Alliance Inc (SERCA)**

SERCA is totally opposed to the proposed new regulation. It fully endorses the submission from Harriett Swift on behalf of the Chipstop Campaign against Woodchipping. Chipstop is a member organisation of SERCA.

SERCA would also like to raise some broader issues going to the state of the native forest sector of the forestry industry, and argues that as well as rejecting the proposed amendment to the regulations of the Protection of the Environment Operations Act 1997 the NSW government should now initiate a thoroughgoing realignment of forest and forestry policies. The Government has better options than this proposal if it has a concern for the future of the State, and for generations beyond ours.

SERCA recommends that the NSW Government:

1. Withdraw and categorically reject the proposed new regulation; and
2. Institute new forest and forestry policies.

#### *Why even consider it?*

The reason for the proposed regulatory change is clear, and after much obfuscation is now acknowledged by the industry. The native forest export woodchipping industry is unable to compete in global markets and close to collapse. This situation cannot be reversed. The sector survives at present only because of government supports and subsidies. Industry now wants an alternative market for woodchip exports.

Following protracted pressure from the industry the NSW Government is now proposing to sanction a new industry based largely on supply of public forest resources, an industry that to date has not been sanctioned, for sound environmental reasons, and that if established would be expected to have a lifespan of at least 20 to 30 years.

#### *Blindfold into uncharted territory*

The Government proposes to proceed without any adequate review of the environmental and Aboriginal heritage consequences, and moreover without any adequate review of the state of the industry. There appears to have been no assessment of pricing, supply and financial costs likely to be involved from the continued long-term access to public forest resources that would be made available to the native forest logging and woodchipping sectors of the forestry industry - an industry that has proved itself to be a poor manager of the resources it has had access to for the last 40 and more years, and a forestry agency (now NSW forestry Corporation, then ForestsNSW) of which Justice R A Pepper, NSW Land and Environment Court, 8 June 2011 said: 'the number of convictions suggests either a pattern of continuing disobedience in respect of

environmental laws generally or, at the very least, a cavalier attitude to compliance with such laws' (quoted in Environment Defenders Office report for the Nature Conservation Council of NSW, *If a Tree Falls: Compliance Failures in the Public Forests of NSW*. See also the report 'One Stop Shop: How Regional Forest Agreements Streamline Environmental Destruction' at <http://www.edovic.org.au/blog/RFA-report>.

Moreover foreshadowed changes to the logging operating requirements so as to streamline logging approvals suggest that existing environmental prescriptions will be weakened further in the course of 2014. This also when we are not given any basis for assessing the financial costs and the environmental benefits for keeping them not only in place, but actually enforced.

Nor has there been an assessment of the climate and water implications of supplying this industry for another 20 to 30 years, critical decades for reducing greenhouse gas emissions, especially given the expectation for the south of Australia of hotter and drier climatic conditions and more extreme weather – more frequent and more severe droughts, floods, storm surges and bushfires. Nor apparently has there been any consideration of the impacts on other industries in the region that depend on the forests and their water supplies. The vital role of forests in climate and water cycles appears to be completely ignored.

#### *Starting from an unsustainable base*

It is now clear that logging native forests under Regional Forest Agreements and NSW forestry and environment protection legislation has not been and is not sustainable, either ecologically or economically.

Successive State of the Environment Reports have pointed to Australia's deteriorating record in species protection. For the SE region of NSW see submissions to the Senate Inquiry into the adequacy of the Commonwealth's threatened species legislation by SERCA, Harriett Swift for Chipstop, and South East Forest Rescue, at [http://www.aph.gov.au/Parliamentary\\_Business/Committees/Senate\\_Committees?url=ec\\_ctte/threatened\\_species/index.htm](http://www.aph.gov.au/Parliamentary_Business/Committees/Senate_Committees?url=ec_ctte/threatened_species/index.htm).

The logging industry, once far more economically important to the regions, is a much smaller contributor to their economies now that those regions have larger populations and industries are more diversified.

Over many years it has had political support from powerful ministers like Ian Macdonald that enabled it to ignore the environmental and financial burdens it imposed on the regions and the State and to continue regardless of community objections. The industry continues to justify those burdens with myth-making that grossly exaggerates its importance for jobs and contribution to the regional economies.

The NSW industry has a somewhat different profile from the Australian industry overall. It did not go down the path in some other States of investing heavily in plantation hardwood managed investment schemes, enabling the displacement of native forest woodchips in the export market. Nonetheless it is now primarily plantation based for sawn timber and processing, including woodchipping. See information paper on NSW by Judith Ajani at [Attachment A](#), and her set of Australian graphs for seminar presentation 'The Future for Native Forests, March 2012' at [Attachment B](#).

Here in SE NSW ForestsNSW's logging has resulted in siltation of waterways, forest soil degradation and loss, and the replacement of mixed-age, mixed-species forest by simplified forest, predominantly the silver-top ash preferred by the Eden export chipmill, with a casuarina and wattle understorey – i.e. far drier, far more vulnerable to drought and a warming climate, far more fire-prone, and a danger to neighbouring regional communities.

Former ALP Environment Minister Frank Sartor in discussions with SERCA representatives in 2009 acknowledged the desirability of exiting native forest logging, and said that his Government had looked at doing so, but was concerned about the compensation costs that might be involved.

It is SERCA's view that restructuring costs could be covered by savings on subsidies. While we recognise the current Government's interest in supporting rural industries we suggest that it is time to take a far more serious look at getting out of this industry sector once and for all. Plantation-based processing provides for the greater part of wood product needs and other States have hardwood plantations grown for the woodchip market that are more than sufficient to cover native forest chip exports from Eden.

### *Over-logged and under-priced*

The native forests of the south east have been over-logged and under-priced to meet unrealistic wood supply agreements, with short rotations that have severely degraded complex forest ecosystems. Inflexibly applied wood supply agreements have proved to be incompatible with adaptability and the precautionary principle, both important elements of ecologically sustainable forestry management.

Prices have been set for the benefit of industry not the public interest. They have not covered administrative costs much less a return to the public for loss of resources that are valuable for other purposes and other industries and for future generations.

Prices did not keep up with inflation; for example over 14 years between 1992-93 and 2006-07 the real price received for logs halved. (see T Digwood letter to Ian Macdonald 13 May 08, and briefing for meeting with Treasurer Eric Roozendaal in 2009, [Attachments C and D](#); both based on ForestsNSW statistics supplied following Freedom of Information requests. Digwood is a former official of the Australian Bureau of Statistics.) Digwood estimated that over the life of the southeastern RFAs Forests NSW/NSW Forestry Corporation will support the chipmill by about \$142 million in the form of low royalties. From 99/00-07/08 about \$42 million. Comparison used: inflation indexed rates Vs actual rates.

By 2008, when exports of native forest woodchips out of Eden had reached record levels of 1 million tonnes a year, the areas logged in the Southern and Eden regions over the previous decade had nearly doubled and logs were brought in from Tumut in order to meet contracted supplies. (FOI stats from FNSW – Digwood letter)

Yields had declined significantly and indicated that if those supply levels were to be maintained the average rotations would be 16 to 20 years or lower – which is far too low for ecologically sustainable forestry required under Commonwealth and State legislation. Even now, following the GFC and Nippon's restructuring in Japan, when

exports are probably closer to half those volumes, the implied rotation periods would be ecologically unsustainable.

### *Supply shortfalls*

Boral's legal cases against ForestsNSW for failure to supply contracted quantities of sawlogs in the north east of the State and the NSW Auditor-General's findings of over-logging are well known. Boral's apparent failure to gain FSC certification for its timber is another indicator of ecological as well as economic unsustainability. FNSW CEO Nick Roberts's evidence to NSW Public Lands Inquiry 2012 indicated there would be overlogging in the north east until expiry of contracts in 2023, after which there will have to be a dramatic drop in supplies, and presumably the hope that the forests will recover over time.

There is a parallel situation here in the south east. The then Southern Region manager of forests Ian Barnes before his retirement stated publicly on many occasions that sawlog supplies could not be met around 2013-2015. The future of the Blue Ridge sawmill in Eden is currently unclear.

### *Who pays whether there are profits or losses?*

Native forest logging and woodchipping has not led to a flourishing industry. Woodchippers made good profits for many years on the back of non-commercial, low log prices, but in Eden SEFE has operated in the red for the last two years (see table at <http://www.chipstop.savetheforests.org.au/SEFEprofile.htm#Corporate>), and it is not clear whether logging State native forests was ever profitable. (Figures for years 2009-11 are shown in the table by Judith Ajani ([Attachment B](#); see comment in note 2).

Both logging and woodchipping have relied on taxpayer subsidies to survive in global markets that prefer plantation to native forest woodchips and where other countries can out-compete on price. For a list of subsidies Australia-wide to the native forestry sector see: <http://www.chipstop.savetheforests.org.au/subsidies.htm>

### *Where have all the jobs gone?*

Industry propaganda talks of thousands of jobs in the industry. In fact mechanisation (some subsidised by governments) in the native forestry industry means few jobs. Domestically plantation softwood dominates in the construction industry. One regional comparison: the recently upgraded hi-tech softwood plantation based Dongwha mill at Bombala employs some 300 people; this is more than are employed in logging and woodchipping coastal native forests from Ulladulla to the Victorian border. The native forestry industry, contrary to industry propaganda, is far from the economic backbone of the region, now or in the future. Nor would supplying trees to burn them for electricity generation provide many jobs.

*To those who have messed up more shall be given*

Under pressure from an industry that has failed to manage the forests sustainably and has lost a large part of its export hardwood chip markets to plantation suppliers the O'Farrell government is now planning to encourage the establishment of a new industry that would reverse the ban on allowing native forests to be logged and burnt for electricity, and proposing to give this new industry increased access to native forests.

The proposal now under consideration would target not only trees that are currently used for wood chipping but also species that are too hard or too red to be used in paper production. This includes prime koala habitat trees such as forest red gum, iron bark, bloodwood, grey box and woollybutt.

Regional koalas and many other animals and birds have been driven closer to extinction and now the industry wants to maintain and increase access to their habitat, presumably with the intention of lifting log supply to the old record levels and also taking varieties not suitable for paper-making.

*Parliaments are notoriously lacking in science-savvy politicians  
And you would have to wonder about their advisers too*

Do our political leaders and their advisers have no notion not only of the importance of forests for climate and water cycles but also of the complex inter-dependent relationships that keep native forests healthy: between trees, animals, birds, soils, fungi, microbes, the whole cycle of growth and death and regeneration?

Governments have choices in these matters. And those choices shouldn't be based on assumptions that providing wood is more important than all other uses of forests, that there are lots of species so surely we can afford to lose quite a number, and when we run out of areas we have logged too intensively and trees aren't growing back as hoped for we can get access to areas previously not open to logging, like national parks. Because that is what part of the industry is now clamouring for.

Recent indication of the industry's demands and unhealthy influence came from the joint proposal to the Commonwealth's Biodiversity Fund from Forests NSW and the NSW Environment Department for funding for koala protection in the Gulaga and Mumbulla State Forests. Home to a critically low koala population - only about 50 animals had then been found - koala protection zones were agreed between the two agencies, with no corridors connecting them to allow for expansion in numbers of koalas, and with the condition that around the isolated protection zones FNSW could log more intensively to make up for the logs it could not take from the protection zones.

The forests and the animals and organisms that help to keep the trees healthy need the opportunity to recover, not to be logged even more intensively for another 20 or more years to provide a scant amount of energy generation.

### *Clean, green and renewable? – far from it*

Native forest biomass is not a clean, green renewable energy fuel. If you chop down a compartment of mixed age forest trees (plus all their understorey plus scrape the ground clear of anything there) how long does it take for new trees to replace those that were 400, 200, 150, 60 or even 30 years old? Trees are not like widgets, easily and predictably replaced. Old trees with hollows needed for several animal species take nearly 200 years to grow. Logged Australian eucalypt forests are not renewable except over time-frames of decades to centuries. In the SE forests of NSW researchers who measured carbon densities in compartments in Kioloa State forest predicted the carbon recovery rate of an average site was 53 years to reach 75% of its carbon carrying capacity, and 152 years to reach 90% carrying capacity. (S H Roxburgh et al, 'Assessing the carbon sequestration potential of managed forests: a case study from temperate Australia', *Journal of Applied Ecology* 2006 43,1149–1159)

Although the industry often points to the northern European use of wood for electricity it does not point to the differences in emissions from their softwood plantation wood and crop residue biomass and Australia's higher carbon density wood; or to longer European rotations and better soils and rainfall; or to the fact that northern Europeans do not log the few natural forests they have left.

### *The new world of more accurate carbon accounting for forests*

Australia's accession to Kyoto 2 means that for the first time it will have to develop accurate native forest carbon accounts. Commonwealth deeming of native forest logging and burning for electricity to be carbon neutral, on which industry has relied for much of its lobbying, does not have a sound scientific base. Based on scientific measurements for south eastern Australian eucalypt forests (B Mackey et al, *Green Carbon*) SERCA estimated that logging emissions alone associated with supplying the Eden woodchip mill at peak export levels were around 18 million tonnes of CO<sub>2</sub> annually – as high as those from Hazelwood, the dirtiest brown coal power station in Victoria.

Presumably the industry expects that if the regulation is changed it will be able to access at least as much wood as at that peak. In fact the draft regulation appears to have no limit at all, and such constraints as the IFOAs currently provide in practice may be removed following the review of IFOAs under way now, but not expected to be finalised until 2014.

### *The previous failed attempt*

Ministers may not be aware that in late 2008 the Nippon-Itochu owned Eden chipmill, South East Fibre Exports (SEFE), put a proposal to the NSW Government to build a wood-fuelled power station on its chipmill site. The Planning Department Director General called for an environmental impact assessment from the proponent, and subsequently called for submissions on the proposal. At that point the proposal was only to source waste from its woodchipping and from regional sawmills.

Submissions from SERCA and many other groups and individuals identified serious environmental and economic problems with the proposal, to which SEFE did not respond, and the proposal eventually lapsed. Subsequently SEFE constructed a pellet

plant at the site, which has now been decommissioned, apparently because it could not develop a market.

*If small fails, try much bigger*

What would be legal under the regulation change now being proposed by the NSW Government is potentially on a vastly larger scale – as well as wastes from sawmilling and woodchipping processes, access would be given to all the trees logged for the chipmill and more besides, and would be locked in for the life of any power plant under wood supply agreements.

If it goes ahead, this change will have appalling consequences for the survival of native animals, the health of the local environment, marine as well as terrestrial, and the State's carbon emissions. In a region that relies far more heavily on tourism than on logging and woodchipping for jobs and economic inputs it will make a total nonsense of tourism industries' reliance on the region's much vaunted Wilderness Coast attribution.

*For all that damage, a pitiable contribution to energy requirements*

For all the environmental destruction it would cause the contribution to energy production would be slight. For Australia, if all the native forest log production in 2009 had been burned for electricity it would have displaced only 2.8% of total black and brown based power generation (Ajani, Attachment B). Moreover we now know that energy efficiency measures and the move into renewables has led to declining energy consumption from the grid, and downward cost-curves for genuine renewables, especially solar power that has been enthusiastically taken up by consumers in SE NSW.

*Let's have some sense in the forestry industry*

There is no economic case for propping up this industry, or for opening up a new one to bail it out. The industry would still demand under-priced logs at public expense in order to compete with genuinely renewable electricity like solar and wind power. It is already pushing hard for a change to Commonwealth regulations that do not allow large scale electricity generation from native forest biomass to earn Renewable Energy Certificates; and the federal Liberal-National Party Opposition has confirmed that if elected it will make that change.

It is now time for an end of pretences that it is only about 'wastes'. That is what we were told about the woodchipping industry but it only took whole logs, and it came to drive the industry, and took 80% to 90% of all logs from near clear-felled compartments in SE NSW. And an end to the newest call that it is only an alternative income stream (the woodchipping market is collapsing, it is only common sense to burn the forests instead for electricity instead of trashing them for woodchips).

This is a new industry that is being proposed, more dangerous to the environment and the climate (Ajani, [Attachment E](#)) and more costly to the public purse with subsidised log prices, and all the more so if it succeeds in getting Renewable Energy Certificates.

*Does public opinion count for anything in this State?*

This is obviously a highly contentious proposal. It will arouse much community opposition in a public that for many years has been unhappy about industrialised native forest logging. Very unhappy about almost all of it ending up exported as low grade, low value chips, and shocked by proposals for shooting and logging in national parks. They accepted it grudgingly at best because they thought they had no choice. Now that there is a choice, why would you expect the public to accept burning native forests for electricity when there are lots of other, much more benign choices for electricity generation?

Shutting off legal redress for community members when the industry breaches legal prescriptions may keep up some veneer of public acceptability, but it is unlikely to end community protest – in fact it is likely to encourage activism.

*Why would responsible investment institutions even look sideways at such a proposal?*

Making native forests available for power generation, either in wood-fired power stations or in co-generation, will require investment. Potential investors concerned for their reputations for environmental credibility will not readily invest in an industry capable of large-scale forest destruction over decades more. Moreover our contacts with energy retailers indicate that they will not accept native forest biomass as a renewable fuel source that can earn the green tick of approval they all want to obtain in order to attract and keep customers. The burgeoning bioenergy industry likewise is becoming nervous about what native forest fuelled electricity might do for its ability to sell a clean green message.

*Let's have some sense from the NSW Government*

In all these circumstances and lack of careful analysis of what is being proposed, SERCA urges the NSW Government to retract the proposed regulation to allow native forest wood to be burned for electricity generation. It has many better options for energy supplies, especially in a period of declining energy consumption overall.

The near collapse of native forest woodchipping provides an opportunity for forest policies to be put in place based on the carbon, water and biodiversity values of forests, recognizing the vital importance of native forests in the carbon and water cycles, and the value of biodiverse native forests for many other industries – industries that are far more important than native forestry for regional prosperity and jobs.

NSW already has a successful forestry industry that is capable of improvement: one based on processing wood from its extensive softwood plantations. This is the viable forestry industry for NSW. It is much larger in scale and value and jobs than the remnant and unprofitable native forest sector that causes so much unnecessary community upset, and will cause more if the government succeeds in making the forests available for large scale electricity generation.