



TIMBER NSW

NSW Regional Forest Agreements
Forestry Branch
Environment Protection Authority
PO BOX A290
Sydney South NSW 1232
Email: forestry.policy@epa.nsw.gov.au

Dear Sir/Madam,

Re: Submission on NSW Regional Forest Agreements Second and Third Five-Yearly Review

When RFAs were signed in the late 1990s the NSW native forestry sector conceded vast tracts of working forest to create a comprehensive adequate and representative (CAR) reserve system. Within the RFA regions formal and informal conservation reserves now cover 4.3 million hectares or 83% of all public native forest land (Slade & Law 2016¹).

With only 17% of public RFA land remaining available for selective timber harvesting the industry is now a remnant of what it used to be. Its survival can be attributed to its innovation and persistence and the sacrifices of its forebears. Today's timber industry is a strong supporter of the RFAs and their stated principles. The comprehensive nature of their framework provides security for the industry as well as important exemptions from Commonwealth (dual) consent requirements. Long termism and evidenced-based decision making are valued concepts that underpin the RFAs and have assisted (in part) to shield the industry from political opportunism and ad-hoc decision making.

With the RFAs about to expire, they have become the principle target for those seeking to close down the native timber industry. Alarmism is the preferred technique of anti-forestry proponents for discrediting the integrity of the RFAs. Claims that the RFAs have failed the environment and are supporting broad scale forest destruction are common but not underpinned by science or truth. The same predictions of mass destruction were made by anti-forestry campaigners in 1999 and the science does not validate their claims.

In the context of this operating environment, the Government's role of monitoring, evaluating and reporting (MER) on the performance of RFAs is a critical one. In the absence of this function, there is limited evidence to demonstrate that the forests values are being protected and that timber resources are being sustainably managed. It is therefore with some disappointment that Timber NSW has found some major shortcomings with the RFAs' implementation report. These issues do not question the RFA framework but rather detail the concerns relating to the manner in which the Parties' RFAs commitments have been managed.

The first complaint is that the State and Commonwealth Governments have both failed to prepare and release their reports in a timely manner. In the case of the second reporting period (2004-2009) the report is seven years overdue. In the case of the third reporting period (2010-2014) the report is two years overdue. No explanation is provided for these delays which have been allowed to accumulate over many years.

¹ Slade C., Law B., 2016. The other half of the coastal State Forest estate in New South Wales; the value of informal forest reserves for conservation. *Australian Zoologist*: 2017, Vol. 39, No. 2, pp. 359-370.

If the system of MER is operating correctly, five yearly reports should be a relatively straight forward exercise being a collation and summary of annually collected data. The chronic delays suggest that the Governments' agencies do not have an effective system in place. Effective forest management decision making requires timely reporting². There is no value or point in RFA MER if it is not undertaken in a timely fashion. When Governments don't take the timing of their own internal agreements seriously then it cannot be expected that stakeholders will maintain their support.

The delays have seriously undermined the RFAs' integrity and exposed the government to criticism that might not have otherwise occurred. Additionally the delays raise serious questions about the role of the NSW EPA (as the State's lead reporting agency) and the manner in which it prioritises its internal resources. Advice received that the NSW DPI has been appointed to manage the RFA process going forward should be the catalyst for more timely performance.

The second complaint relates to the number of unmet obligations and the way the Governments have rated their own performance. The terms 'achieved outside the reporting period' and 'achieved in part' are an oxymoron. The use of these terms is objectionable as they have the effect of obscuring true performance and the reporting obligations should have been classified as either 'met' or 'unmet'. Unmet obligations could then have been appropriately qualified. In the private sector 'DIFOTI' is a commonly use acronym which is a measure of the percentage of a product or service that is delivered in-full, on-time, and in-spec. The claimed DIFOTI percentage for the report is 60%. Technically the actual percentage of 'met' obligations is somewhat lower (this claim is dealt with on page 4 of our submission).

The NSW EPA is the lead RFA reporting agency; it is also the regulator and auditor of native forestry operations in NSW. It is noted that in its auditor role the NSW EPA demands very high standards of compliance and seeks remedy for non-compliance. This contrasts starkly with the report where there has been limited commitment to achieve DIFOTI and no consideration of the implications of unmet obligations or for redress.

Given all the powers and resources vested in the State and Commonwealth, it is difficult to understand why a higher percentage of obligations were not achieved. Governments have a moral obligation, if not a duty of care, to ensure that all agreed milestones, commitments and obligations are met. This obligation is particularly important for achieving a balance between environmental and socio-economic values. For socio-economic values, the RFAs are the only place where performance can be brought to account³.

The third complaint concerns major deficiencies in the MER of regional sustainability indicators. In the absence of legislation, the 44 sustainability indicators provide important accountability for socio-economic performance and ecologically sustainable forest management across all land tenures. Regional level monitoring data for all tenures is required to properly report the sustainability indicators. Using state or national level data is generally inappropriate as is the use of data that is out of date or limited to a single tenure. Timber NSW review of responses to the indicators revealed that 80% (n =35) of sustainability indicators were inadequately reported upon for one or more reasons. In far too many cases it was apparent that the responses were data deficient, incomplete, overly generic, tenure limited and or out of date. This poor performance may be sheeted back to a failure of ESFM plans which have not been properly implemented. In the case of State forests there is requirement to have 'Regional ESFM Plans' while for areas dedicated under the NPW Act there is a requirement to have 'management plans'. In relation to 'Regional ESFM Plans' we found that the Forestry Corporation has replaced all of its Regional ESFM

² The use of a comprehensive and publicly available source of information for decision making is explicitly recognised under clause 10A of the Regional Forest Agreements Act 2002

³ In contrast the upholding of environmental values is underpinned by strong legislative protection through IFOAs and the POEO Act.

plans with a state-wide ESFM plan. In the case of ESFM plans for areas dedicated under the NPW Act we note that after 15 years and billions of dollars of investment in park management the NPWS still hasn't been able to meet this most basic of requirements.

In summary, major deficiencies in the monitoring of regional sustainability indicators may be attributed to under-resourcing and poor implementation of tenure-based ESFM plans.

It would appear that ESFM plans have never been truly fit for purpose. To be made workable and effective the ESFM planning system requires an overhaul. The development of a holistic tenure-neutral approach to forest landscape monitoring is an important first step.

The fourth related complaint concerns the failure to fully meet some key RFA obligations and the consequences of this non-compliance. The implication of an unmet commitment is not always significant; however, commitments that relate to the maintenance of sustainable timber supply are all of critical importance to the industry. Table 1 details commitments of critical importance to the industry which have not been fully met and which have or are going to have a negative impact. Examples of other unmet obligations that are of concern are detailed in Annexure A.

Table 1 – Government commitments that have not been fully met which directly impact on the NSW native timber industry

RFA clause or Attachment reference	Commitment	Claimed Status		
		North East RFA	Southern RFA	Eden RFA
NE – 108.11 S – 106.10	NSW to maintain contracted supply for High Quality Large Sawlogs.	Achieved in part	Achieved in part	
E – Att 5, 2 (g)	NSW to publish a description of the FRAMES system referred to in clause 46(f).			Achieved in part
NE – Att 12, 22, 5th dot point S – Att 8, 6, (e)	Additional FRAMES plot inventory measurements to be undertaken.	Achieved in part	Achieved in part	
NE – Att 12, 22, 6th dot point S – Att 8, 6, (f)	Annually monitor FRAMES performance through comparison of actual versus predicted volumes.	Achieved in part	Achieved in part	Achieved in part
E – Att 11, 5 NE – Att 12, 24 S – Att 8, 7	NSW will establish and implement an ongoing FRAMES development program.	Achieved in part	Achieved in part	Achieved in part
NE – Att 12, 15, 2nd dot point S – Att 8, 8, 1st dot point E – Att 11, 1	NSW to commission an independent review of the enhanced FRAMES system applying to North East/Southern Region. Parties to commission and publish a review of the systems and processes, and the review of sustainable yield for the Eden region.	Achieved	Achieved	Not achieved
E – Att 11, 2 NE – Att 12, 23 S – Att 8, 8, 3rd dot point	NSW to undertake independent audits of Sustainable Yield and the Sustainable Wood Supply Strategy.	Achieved in part	Achieved in part	Achieved in part
NE – Att 12, 19, 2nd dot point	The hardwood plantation supplementation program Establish plantations across LNE and UNE to supplement supplies of HQL and Veneer logs.	Achieved in part		

Not fully meeting these commitments has impacted on sustainable timber management in Eden RFA region and North East RFA region. Many years ago at Eden there was a departure between actual and predicted sawlog yields. This departure wasn't effectively quantified, or brought to account, in a timely manner (as explicitly required under Attachment 11 clauses 46(f), 95.6 of the Eden RFA). The inadequate and delayed response results in the average size and quality of sawlogs in the Eden Management Area dramatically declining from 2019. This failure to maintain even sawlog flow has jeopardised the future of the only sawmill at Eden putting at risk at hundreds of direct and indirect jobs. The timber industry is the largest employer in that region. Had the Parties brought this matter to account in a timely manner, remedies could have been applied to ensure the future availability of the region's high quality sawlog resource was not compromised. Annexure B details the history of Eden sawlog yield modelling showing repeated changes in FRAMES sawlog yield estimates over time.

In the North East RFA region the 2023 North Coast Decision saw a 50,000 m3 per annum (17%) reduction in the sustained yield of high quality sawlog. If RFA commitments had been strictly complied with and timely adjustments made, this buy-back could have been averted.

The fifth and final complaint concerns the failure to admit that under the RFAs there has been a progressive reduction in timber availability and quality. The specific commitments to which this complaint relates are detailed in Table 2. Our review of the implementation report revealed that false claims have been made which are based on selective use of the evidence and denial of the impacts of enhancing the CRA reserve system.

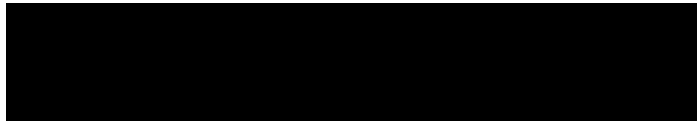
Table 2 - Key unmet RFA commitments that have been reported as being 'achieved'.

RFA clause or Attachment reference	Commitment	Status			
			North East RFA	Southern RFA	Eden RFA
NE – 74 E – 69 S – 73	Changes to the area of State Forest allowable for harvesting will not lead to net deterioration in the capacity to supply wood to the UNE and LNE Regions as specified in this Agreement.	Reported situation	Achieved	Achieved	Achieved
		Real situation	Not Met	Uncertain	Not Met
NE – 69 S – 68	Enhancements to the CAR Reserve System will not impede State forest land management or delivery of the wood supply.	Reported situation	Achieved	Achieved	
		Real situation	Not Met	Not Met	
E – 72	The NSW Eden RFA establishes the sustainability strategy for timber supplies.	Reported situation			Achieved
		Real situation			Not Met
NE – 78	NSW to implement the Long-term Timber Supply Strategy and Sustainable Yield Systems and Processes.	Reported situation	Achieved		
		Real situation	Not Met		
NE – 88 E – 77 S – 84	NSW will work to improve the productive capacity of State forests.	Reported situation	Achieved	Achieved	Achieved
		Real situation	Not Met	Not Met	Met

Evidence that supports our claim is contained within the government's own reports. The most important of these reports is referenced in Annexure C.

Thank you the opportunity to provide feedback. Much of our criticism of the RFA implementation report may be sheeted back to the performance of the NSW EPA. As such the role of the NSW EPA (as reviewer of our submission) is conflicted and there will be heavy reliance on the independent reviewer to objectively assess and respond to the listed concerns.

Yours faithfully,



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Annexure A – Unmet commitments which have negative implications for the timber industry

RFA clause or Attachment reference	Commitment	Status			
			North East RFA	Southern RFA	Eden RFA
NE – 100 E – 87 S – 98	NSW to establish a Research Liaison Committee and publish a list of research priorities.	Reported situation	No longer applicable	No longer applicable	No longer applicable
		Real situation	Applicable and not met	Applicable and not met	Applicable and not met
NE – 101 E – 88 S – 99	In developing priorities, the Research Liaison Committee will take account of priorities arising from the Comprehensive Regional Assessment (CRA) for the UNE and LNE regions.	Reported situation	No longer applicable	No longer applicable	No longer applicable
		Real situation	Applicable and met	Applicable and not met	Applicable and not met
NE – 102 E – 89 S – 100	NSW to prepare a Compendium of NSW Forest Research.	Reported situation	No longer applicable	No longer applicable	No longer applicable
		Real situation	Applicable and not met	Applicable and not met	Applicable and not met
NE – 108.6 E – 95.5 S – 106.6	NSW to complete and publish Regional ESFM plans for State forests.	Reported situation	Achieved outside proposed timeline	Achieved outside proposed timeline	Achieved outside proposed timeline
		Real situation	Not met, single high level plan that is not fit for purpose		
NE – 108.6 E – 95.5 S – 106.6	Complete and publish management plans for areas dedicated under the NPW Act (NSW)	Reported situation	Achieved in part	Achieved in part	Achieved in part
		Real situation	Not met	Not met	Not met

Annexure B – Changes over time in FRAMES yield forecasts for Eden RFA Region

Detailed below are extracts from government documents that detail the deterioration in the quantity and size of high quality (HQ) sawlog that may be sustainably supplied from the Eden RFA region as well as the progressive reduction in the area of State Forest allowable for harvesting.

1999 Eden Forest Agreement

This extract from the NSW Eden Forest Agreement states that the sustainable supply of high quality sawlog beyond 2019 is expected to be significantly greater than 26,000m³.

3.1 SUSTAINABILITY STRATEGY FOR TIMBER SUPPLIES

The annual supply of quota quality sawlogs is drawn from a number of sources including multi-aged and regrowth forests in Eden Management Area (a minimum of 23,000 m³ per annum for 20 years), Ingebyra State Forest in Monaro South Management Area (averaging 1,000 m³ per annum for 20 years); alternative South Coast Region areas (sufficient to bring the total quota quality sawlog volume to 25,000 m³ per annum for 5 years and 24,000 m³ per annum for the remaining 15 years). Any increases to these volumes must be sustainable and consistent with modelling using FRAMES.

An operational research trial within Eden Region is proposed to be conducted by *SFNSW** and *EPA** associated with selective harvesting from some filter strips. Any timber resulting from this trial will contribute to the above supply.

Beyond the 20 year period of the Term Agreement, the calculated long-term sustainable supply up to year 2040 from the Eden Management Area is approximately 26,000 m³ per annum. Volumes over this period are drawn from fire regrowth and forests from harvesting operations dating from the late 1960s.

The long-term sustainable supply beyond 2040 has not been calculated. There is insufficient data currently available to confidently predict volumes and growth rates for regrowth forests that will yield quota quality sawlogs beyond that date. An inventory program has commenced to improve the base data on this component of the regrowth forest in Eden Management Area. The inventory program will be supplemented by an expanded set of Permanent Growth Plots in regrowth areas to improve the quality of growth rate prediction, supplemented by data on yields from regrowth forests logged over the next 40 years.

Notwithstanding an inability to confidently predict sawlogs volumes beyond 2040 at present, the area of regrowth forest that will be available for harvesting and data currently available on growth rates in regrowth forest indicate that the sustainable supply of quota sawlogs beyond 2040 is expected to be significantly greater than 26,000 m³ per annum.

Supply of pulpwood logs beyond the 20 year period is generally well above volumes available during the first 20 years, as substantial areas of forest derived from fire regrowth and harvesting from the late 1960s will be subject to thinning to enhance sawlog growth.

Forest NSW, 2012 Performance Audit Report Yield Forecasts – Eden Regional Forest Agreement

In 2008 Forests NSW commenced an internal review of 1998 wood supply modelling for Eden RFA area. This review was extended in 2011-12. Table 3 is an extract from the report which shows the non-declining sawlog yield scenario of high quality large (HQL) and high quality small (HQS) sawlog and pulp available summarised by 4 year periods (commencing 2011) over a 48 year planning horizon. Note the quantum of available HQL sawlog has

declined to 16,000m3.

Table 3: Available volume (m³/year) over 48 year horizon for all products.

Product Class	4 year period											
	1	2	3	4	5	6	7	8	9	10	11	12
HQ Large Sawlog	16,100	16,000	12,800	7,300	5,900	14,000	21,200	35,400	34,500	34,500	36,300	36,700
HQ Small Sawlog	0	200	3,400	8,900	10,200	13,000	21,900	37,900	38,800	38,800	37,000	36,600
Total HQ Sawlog	16,100	16,100	16,100	16,100	16,100	27,000	43,100	73,300	73,300	73,300	73,300	73,300
Pulp	285,600	285,600	285,600	285,600	285,600	242,800	228,500	228,500	228,500	228,500	228,500	228,500

Table 1 details the net harvestable area of 88,018 hectares.

Table 1: Net harvestable area by age class and thinning category

Resource Category	Unthinned NHA (ha)	Thinned NHA (ha)	Total NHA (ha)
Multi-age forest (MAF)	13,616		13,616
Pre-1970 Fire Regrowth	748	1,826	2,574
Post-1970 Regrowth	63,706	8,122	71,828
Total	78,070	9,948	88,018

Forestry Corporation, 2017. Post-2018 Yield Forecasts – Eden Regional Forest Agreement Area

Table 4 summarises the results of the 50-year even flow scenario for the post-1970's regrowth forests. The annual HQL, HQS, HQ25 and Pulp volumes are reported for each modelled 5-year period, commencing in 2014. Note the quantity of HQL has been reduced again to less than 8,000 m3. The creation of new category of super small sawlog (HQ25) is not utilisable by the existing sawmill.

Table 4 - Available volume over 50-year horizon for all products

Product Class	5-year period (Period 1 is 2014 to 2018)									
	1	2	3	4	5	6	7	8	9	10
HQL (m3)	0	7,743	7,476	5,695	6,377	9,018	10,121	10,783	10,826	8,419
HQS (m3)	0	11,511	11,899	11,259	11,597	10,821	9,538	9,539	10,620	9,970
HQ25 (m3)	0	10,747	10,624	13,046	12,026	10,160	10,341	9,678	8,554	11,611
Pulp (t)	0	199,843	204,004	173,403	170,409	178,929	187,876	191,492	192,000	192,000

Table 1 details the net harvestable area which has reduced to 73,945 hectares.

Table 1 - Net harvest area by Eden RFA Region Timber Zone

Timber Zone	Gross Area (ha)	NHA (ha)
North West	15,341	9,317
South West	10,670	6,179
South	47,870	24,936
South East	52,538	25,051
East	23,818	8,462
North East	13,081	0
	163,318	73,945

Annexure C - Reference sources for data that supports the claim of false reporting in Table 2

RFA clause or Attachment reference	References *
E – 69 E – 72	<ul style="list-style-type: none"> • Forests NSW, 2012. Performance Audit Report Yield Forecasts – Eden Regional Forest Agreement. • Forests NSW, 2012 Performance Audit Report FRAMES Net Harvest Area Modifiers • Forestry Corporation of NSW, 2015. North Coast Resource Assessment – 2015 • Forestry Corporation of NSW, 2017. Post-2018 Yield Forecasts – Eden Regional Forest Agreement Area. • NSW Government 2018 - NSW Regional Forest Agreements Implementation Report 2004–2014. Appendix K Timber Production in NSW RFA Regions
NE – 74 NE – 69 NE – 78	<ul style="list-style-type: none"> • Implementation Report - Appendix K Timber Production in NSW RFA Regions • Forests NSW, 2010. Forests NSW yield estimates for native forest regions. • Forests NSW, 2012 Performance Audit Report FRAMES Net Harvest Area Modifiers • Forestry Corporation of NSW, 2015. North Coast Resource Assessment – 2015 • Forestry Corporation of NSW, 2016. FRAMES Actual vs Predicted Harvest Reconciliation – F2010/11 to F2014/15. • NSW Government, 2014, Project 2023 - North Coast Resources Review June 2014 • NSW Government 2018 - NSW Regional Forest Agreements Implementation Report 2004–2014. Appendix K Timber Production in NSW RFA Regions and table 2 on page 50.

* Note: many of the reports detailed in table 2 are available on the Forestry Corporation website <http://www.forestrycorporation.com.au/about/pubs/corporate/auditor-generals-performance-audit-of-native-forest-and-hardwood-plantation-operations>