

Public submission

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Organisation: *Business NSW*

Location: *New South Wales*

Supporting materials uploaded: *Attached overleaf*

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Your submission

1. Sustainability of current and future forestry operations in NSW

Recommendation: Business NSW recommends the Independent Forestry Panel (the Panel) develop a National Timber Strategy. This will ensure current and future forestry operations continues to grow and support regional businesses whilst maintaining a balance between economic, environmental, and social needs of NSW forests.

Numerous NSW businesses and different industries rely on the sustainability of the forestry industry. Australia's forest industries support 80,000 direct jobs across the full industry value chain with an annual economic contribution of around \$25 billion. The industry contributes around 0.5% to Australia's gross domestic product and 6.6% of manufacturing output. The sustainability and growth of the industry is therefore vital for NSW businesses and the economy. The sustainability of current and future forestry operations in NSW relies on maintaining a balance between economic, environmental, and social needs.

Within optimal policy settings, there is opportunity to for a more sustainable and increasingly productive forestry industry, creating more regional jobs and economic activity. The NSW forestry industry, especially native forests is highly regulated. Public native forests undergoing selective harvesting, meaning no clear felling occurs, with only 0.5% of the forest is harvested annually. However, the panel should consider native forestry harvesting with caution, not only for environmental values but because of the poor financial performance and other risks native forestry can provide. Expanding the diversity of timber sources to sustainably harvesting native forests, until the plantations reach supply capacity will be essential for the future the forestry industry.

The industry needs a roadmap to guarantee end to end sustainable and profitable forestry industry underpinned by the increased demand and use of timber for projected housing and other related infrastructure.

2. Environmental and cultural values of forests, including threatened species and Aboriginal cultural heritage values

Recommendation: The Panel should ensure both environmental and cultural values are at the forefront of its policy settings to safeguard the forestry industry and the sustainability of NSW forests.

Business NSW supports the conservation and sustainability of native forests for both their environmental and cultural values. As stated above, the sustainability of current and future forestry operations in NSW relies on maintaining a balance between economic, environmental, and social needs. NSW native forests are high in biodiversity, support habitats for a range of threatens species and are important for climate change mitigation. Environmental and cultural values of native forests are also important to regional tourism which supports many regional businesses. Business NSW is a large advocate for NSW tourism. The NSW visitor economy supports more than 107,115 businesses

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and over 296,000 jobs. It is the state's fifth largest employment group, accounting for approximately seven per cent of total jobs. In 2018/19, the visitor economy contributed \$38 billion (6 per cent) to NSW Gross State Product (GSP). That's why Business NSW is dedicated to ensuring NSW remains Australia's number one tourism destination.

Current forest management practices, including planned and selective harvesting on native forests, aim to minimize environment impacts. These operations comply with existing regulations designed to balance native forestry conservation with sustainable industry practices. Aboriginal cultural heritage values are increasingly integrated into forest management, with initiatives promoting Aboriginal led models. The future of the forestry industry should ensure both environmental and cultural values are at the forefront of its policy settings to safeguard the balance between economic, environmental, and social needs from the industry.

3. Demand for timber products, particularly as relates to NSW housing, construction, mining, transport and retail

Recommendation: The Panel need to ensure the future timber demands can be met considering the NSW housing and large infrastructure commitments. The supply needs to be affordable to ensure NSW businesses depending on this supply can benefit or keep operating as usual.

The demand for timber products in NSW is driven by various NSW businesses from a number of different industries, including housing, infrastructure, mining, and retail. For example, energy providers are reliant on timber poles for transmission lines. The mining sector relies on hardwood timber products for structural support. Retail store often favour timber furniture and display units for in natural appeal and housing relies on timber for framing, flooring, and finishing materials. The housing crisis in NSW presents a policy challenge of extraordinary urgency. Business NSW advocates for new and affordable housing both in the metro and regional areas. Business NSW founded the Housing Now! initiative to support the NSW Government in its partnership with the Commonwealth to deliver essential housing. This Alliance helps magnify the voice of the community and the NSW Government to tackle the housing affordability crisis.

Considering the current commitment from government in building houses and other big infrastructure projects, the demand for timber will only keep increasing in the near future. Business NSW asks the panel to consider the future timber demands to ensure NSW businesses can keep operating as usual whilst maintaining the balance between economic, environmental, and social needs.

4. The future of softwood and hardwood plantations and the continuation of Private Native Forestry in helping meet timber supply needs

Recommendation: Business NSW recommends the panel consider looking at the long-term shift to plantations and sustainable Private Native Forestry for timber supply needs and develop mechanisms to incentivise and grow the plantation industry to meet current and future timber supply needs.

The inclusion of plantation and Private Native Forestry in timber supply for NSW is vital to ensure the balance between economic, environmental, and social needs from the industry.

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The future of softwood and hardwood plantations has a large place in the sustainable timber supply in NSW, especially to meet the clear increasing timber supply needs. Plantations need to be geographically diverse, as this supports a range of businesses and communities while allowing certain sites to regenerate. However, plantations are limited by factors such as land availability, low financial returns, and the long growth cycles required to produce commercial timber. The panel should consider these and mechanisms to incentivise and grow the plantation industry to meet current and future timber supply needs.

Private Native Forestry is seen as crucial for meeting timber supply needs, especially hardwood timber demand. Private Native Forestry enables landowners to manage their forests sustainably while contributing to local economies. Private Native Forestry practices focus on conserving biodiversity and maintaining ecological health, whilst ensuring that native forests can be harvested sustainably. The inclusion of and shift towards timber harvesting from plantations and Private Native Forests as timber sources provide security and a diversity of timber sources to support timber supply needs whilst conserving environmental values of forest ecosystems.

5. The role of State Forests in maximising the delivery of a range of environmental, economic and social outcomes and options for diverse management, including Aboriginal forest management models

Recommendation: Ensure the protection and sustainability of State Forests so they continue to support local communities and businesses, offering employment opportunities and contributing to the economy through timber production, tourism, and recreation.

State Forests play a critical role in balancing environmental, economic, and social outcomes in NSW. These forests provide a sustainable source of timber while contributing to biodiversity conservation, water quality and carbon storage. State Forests also support local communities and businesses, offering employment opportunities and contributing to the economy through timber production, tourism, and recreation.

Options for diverse management of State Forests could include integrating Aboriginal-led forest management models, expanding community involvement, and enhancing conservation efforts in areas of high ecological significance. These approaches would enable a balanced focus on delivering environmental, economic, and social outcomes, ensuring that State Forests remain valuable resources into the future.

6. Opportunities to realise carbon and biodiversity benefits and support carbon and biodiversity markets, and mitigate and adapt to climate change risks, including the greenhouse gas emission impacts of different uses of forests and assessment of climate change risks to forests

Recommendation: The panel need to investigate and undergo in depth consultation for potential opportunities of forests and the industry to realise carbon and biodiversity benefits and mitigate and adapt to climate change risks to ensure the future resilience and sustainability of NSW businesses.

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The resilience and sustainability of NSW businesses and communities relies on climate change mitigation and the sustainability of NSW natural resources.

NSW forests and the forestry industry have clear potential opportunities to realise carbon and biodiversity benefits and support carbon and biodiversity markets and mitigate and adapt to climate change risks. The panel needs to look at NSW forests and the forestry industry as a whole and investigate opportunity and integration of different schemes to fully leverage their industry and climate goals.

The biodiversity market in NSW is still in its infancy so it's hard to know the true opportunities the forestry industry can play, especially with the recent Biodiversity Conservation Act Bill Amendment outlining an updated Biodiversity Offset Scheme. Additionally, how the BOS and the federal Carbon farming and associated Australian Carbon Credit Units (ACCUs) schemes interact needs to be investigated further to fully realise the opportunities for NSW forests and the forestry industry.

Sustainable forestry practices are critical in reducing the risks associated with climate change, particularly the threat of bushfires to community and native biodiversity. Techniques such as thinning and ecological burning help to manage fuel loads, decrease fire severity, and protect surrounding ecosystems. By mitigating bushfire risk, sustainable management not only protects biodiversity but also ensures the sustainability of NSW forests and the forestry industry.

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