

Public submission

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Organisation: *Central West Forestry Industry Hub (CWFH)*

Location: *New South Wales*

Supporting materials uploaded: *Attached overleaf*

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1. Sustainability of current and future forestry operations in NSW

This submission is confined to issues related to the NSW Central West forestry industry and has been prepared by the manager of the Central West Forestry Industry Hub on the Hub's behalf.

There are 11 Regional Forestry Hubs across Australia, which were established under the National Forestry Industry Plan 2018. The Australian Government's *A Better Plan for Forestry and Forest Products 2022-23* Budget measure has committed to an additional \$8.6 million over three years from 2024-25 to extend and expand the role of the 11 Hubs.

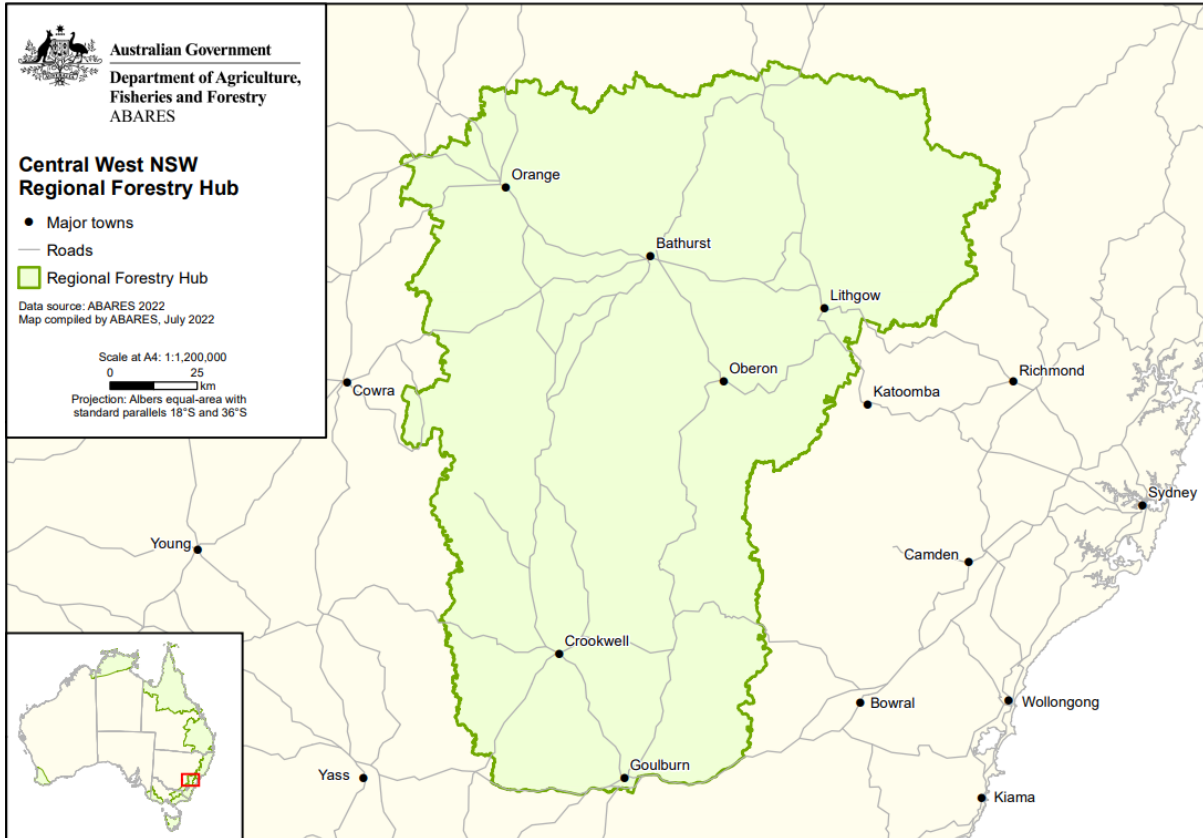
The Regional Forestry Hub regions were chosen to represent existing concentrations of wood supply resources, combined with significant existing processing and/or manufacturing operations, established domestic and/or international transport links, and strong potential for growth.

Each Regional Forestry Hub has a steering committee of industry stakeholders. The committees determine the priorities for their region. The Hubs work with industry, state and local governments, and other key stakeholders to prepare and provide the Government with strategic planning, technical assessments and analyses that aim to support growth in the forest industries in their region. In addition to continuing this work the role of the Hubs is being expanded to include extension services. This will enable the Hubs to inform local industries and landholders of the outcomes of the research and innovation work, in particular from the Australia-wide NIFPI. The Hubs will not provide individual business advice.

For more details about the Central West Forest Industry Hub, please see our [website](#).

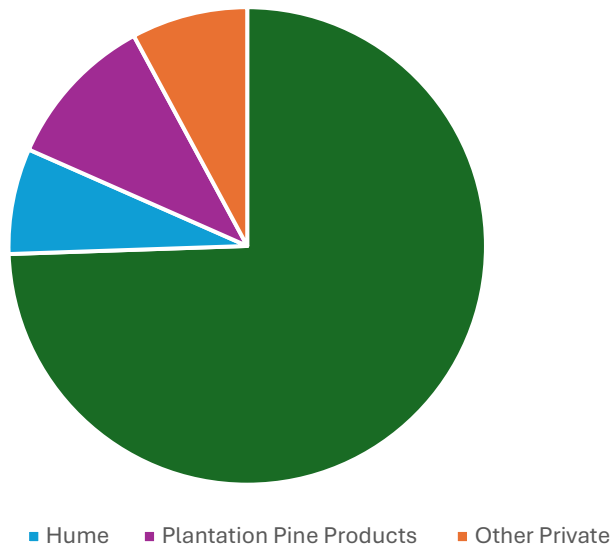
The Central West forestry industry is based on supply the softwood plantations in the LGAs of Bathurst, Blaney, Blue Mountains, Cabonne, Cowra, Dubbo, Goulburn-Mulwaree, Lithgow City, Mid-western Regional, Oberon, Orange, Upper Lachlan, and Wingecarribee, owned and managed by a combination of Forestry Corporation of NSW and private investors.

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Source: Department of Agriculture, Fisheries and Forestry

Central West Plantation Area by owner/manager



The forest industry has been in operation in Central West NSW for over a century with the first plantations being established there in the 1920s. These plantations are sustainably managed by any definition of the term:

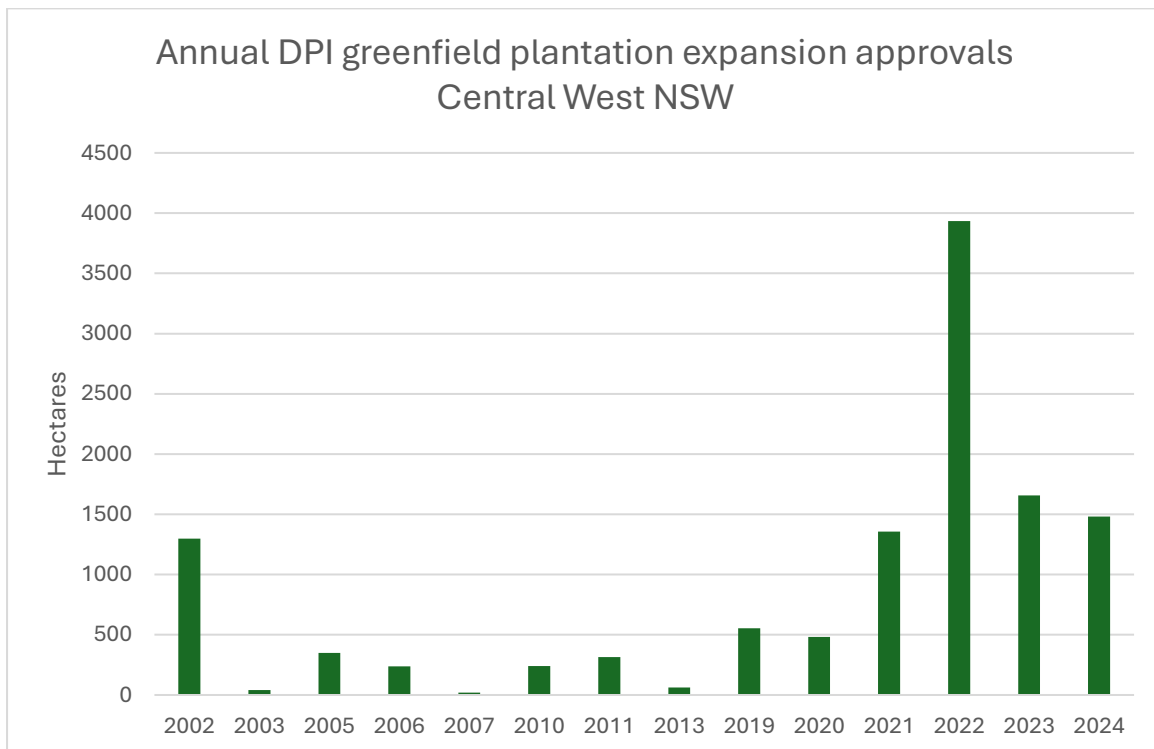
- The average annual harvested volume is consistent with the average annual productivity (growth) of the plantation estate.

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- The vast majority of the plantation estate (which included plantations, native forests and non-forest areas) is certified as being sustainably managed against independently audited, internationally recognised third party certification bodies (PEFC/Responsible Wood and/or FSC).
- The plantation estate is also managed in accordance with all relevant laws and regulations designed to ensure sustainability including the NSW Plantations and Reafforestation Act 1999 and its associated Code and Regulations (the Act).
- The plantation estate is also managed to ensure other forest values and attributes, including but not limited to, water yield and quality, biodiversity, soils and recreation, are managed sustainably.

Today the Central West forestry industry sources fibre from the 90,000 hectares of softwood plantations in the region, “imports” logs from outside the region, and utilises recycled fibre from primarily from the metropolitan waste stream. As detailed below, the Central West forestry industry has extensive fibre processing investments, the production capacity of which currently exceeds the sustainable yield from the plantation estate. To close this gap, the plantation estate in the Central West is expanding with NSW Department of Primary Industry has approved 8,909 ha of new plantation (greenfield plantation) in Central West NSW since 2020, making it the only currently expanding forestry region in the country. The expansion of the plantation estate in the Central West is partially a result of Commonwealth Government policy and programs. In particular:

- The potential for new plantations to generate Australian Carbon Credit Units (ACCUs), carbon credits formally recognised by the Australian Government. ACCUs provide another revenue stream for plantations helping new plantations meet investment hurdle rates and producing early cash flow.
- The Commonwealth Government’s Support Plantation Establishment program which provides \$2000/hectare to help off-set some of the substantial upfront costs of plantation establishment. The Support Plantation Establishment program will close when the committed funds are fully allocated and a similar NSW Government scheme supporting new plantation establishment would assist with the important continuation of new plantation establishment. Other States are implementing similar schemes.



Source: DPI Authorised Plantation Public Register ([source](#))

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This investment in new plantations, along with the significant investment in replanting all harvested areas, is required to support an industry of the scale needed to supply the region's existing timber manufacturers and processors, and to ensure they are able to supply essential materials to the NSW building, constructing, packaging and transport industries.

Processing facilities in Central West NSW have recently expanded with a large upgrade to the Oberon MDF/Particle board facility owned and operated by the Borg Group, upgrades to the Highland Pine Products Sawmill and investment in the Australian Timber Products Sawmill in Raglan. Other smaller sawmills operate in Oberon and Burruga. The current facilities have a complimentary product mix that covers the full spectrum of harvested products from the softwood plantations.

The Central West Forest Industry Hub ([CWFH](#)) estimates that at least 30,000 additional hectares of softwood plantations are required to be established over the next 10 to 15 years to ensure adequate fibre quantities are available for the industry into the future.

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

The Softwood estate in the region is regulated by the Plantation and Reafforestation Act 1999 and as such has all the relevant oversight from the relevant codes and regulation. Plantations established in recent history have been placed on essentially cleared land in accordance with the Act.

Environmental, cultural and Aboriginal heritage values

In addition to the sustainable management of the plantation estate described above, the CWFH undertook a detailed carbon footprint study to assess the impact of the entire Central West forestry industry, from seedlings through to the end of life of manufactured products. The study considered all plantation sequestration, the carbon stored in manufactured products and all emissions (Scope 1, 2 and 3) from the growing and manufacture of wood products in the Region. The report found that in 2021 the industry was a net sequesterer of carbon with emissions of -1,100,787 t CO₂e, that is, over 1 million tonnes of CO₂e was removed from the atmosphere by the Central West forestry industry in 2021. This is the equivalent to the emissions generated annually by 169,000 cars, or 63,000 households. Expanding the estate will generate significant additional sequestration opportunities, as discussed under point five of this submission. The report can be found on the Central West Forestry Hub [Website](#).

Forestry Corporation of NSW, the largest plantation grower and manager in the Region, provides an extensive annual report on its sustainability practices and outcomes which can be found [here](#) .

Hume Forests, a large private plantation grower and manager in the Region, publishes its [Sustainable Forest Management Plan](#) against which it is audited by an independent third party ([Audit Certificate](#)).

These reports detail how the management of the plantations and the land on which they occur deals with the environmental and cultural values of forests, including threatened species and Aboriginal cultural heritage values.

Circular economy

All the components of the logs harvested from the plantation are utilised: there is no waste and the Central West's timber industry is an integral part of Australia's circular economy. Residues from the sawmilling process including sawdust, wood shavings, offcuts and woodchips are used for the manufacture of particleboard and

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MDF, or utilised as a source of renewable, net zero carbon emission fuel source. Bark is utilised in the landscape supplies industry. At the end of life, timber and wood panel products are reused to manufacture new particleboard or used as an energy source.

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

Following the devastating impacts of the 2019/20 bushfires, and particularly the damage to softwood plantations in the Tumut/Tumbarumba, Bombala and Grafton areas, the Central West contains the largest area of mature softwood plantations in NSW. NSW is therefore reliant on the Central West for the supply of a wide range of essential softwood timber products.

The primary softwood timber manufacturing facilities in the Central West forestry Hub Region are:

- Australian Pine Panels Oberon: Particleboard, MDF and associated value-added panel products.
- Highland Pine Products Oberon: NSW's largest sawmill which focuses on the manufacture of structural timber for use in the construction industry.
- AAM Raglan: A small sawlog specialist sawmill manufacturing structural and landscaping products
- Australian United Timber Burruga: Produces treated softwood products for rural industries, construction and landscaping applications.
- Oberon Bearers: A specialist sawmill producing softwood timber for the pallet and packaging industry.

One of the Central West forestry industry's primary functions is to supply a significant portion of the demand for essential timber products in NSW. The Central West is the closest plantation region to Sydney, Australia's largest centre of demand for timber products. These products include:

- Structural timber used in wall frames and roof trusses
- Other structural timbers used in the construction of low, medium and high-density housing
- Timber products used in modular housing
- Particleboard flooring
- Particleboard panels used in kitchens, wardrobes, bathrooms, cupboards and other housing and commercial fitouts
- Medium density fibreboard (MDF) used for doors and commercial fitouts
- MDF and particleboard used for furniture
- Treated timber products used for rural and landscape applications
- Packaging and pallet timbers

Without the timber products supplied from the Central West forestry industry, NSW would need to import most of its structural timber and treated landscape products, and all of its particleboard and MDF wood panels. To continue to provide these products which are essential to the NSW economy and to meet NSEW demand, the Central West forestry industry needs support from the NSW Government in the following areas:

- Plantation expansion
- New, improved and/or upgraded infrastructure, specifically:
 - Local roads for the transport of logs into the Region's manufacturing facilities and transport of manufactured products to key NSW markets,
 - Repair and upgrading of the Duckmaloi and Jenolan Caves Roads – the critical transport link from the manufacturing facilities in Oberon to the Sydney market,
 - Assets and infrastructure to protect the Central West's plantations from bushfires,
 - Reopening the Oberon to Tarana rail line providing economic, socioeconomic, environmental and tourism benefits, and

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- Support from NSW Government departments (e.g. LLS, DPI and Regional Development NSW) to encourage and assist landowners establish productive softwood plantations on farmland in the Central West of NSW.
- Developing the NSW Central West as a specialised “Prefabricated and modular housing precinct” designated to provide NSW Government the support for existing and new industries manufacturing timber prefabricated and modular housing using Modern Methods of Construction MMC ([link](#)) .
- Helping address critical worker and worker accommodation shortages in the Central West.
- Mitigating, minimising and eliminating risks to fibre supply from plantations in the Central West (see next section).

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

There is virtually no hardwood plantation or private native forestry activity in the Central West. However, the future of the softwood plantation sector in the Central West is under threat due to a lack of sufficient fibre to support internationally cost competitive manufacturing capacity. In addition to the need for 30,000 hectares of new softwood plantations established in the Central West over the next 10 to 15 years, there are serious threats to the existing plantation estate and its ability to provide fibre for regional industry, the people of NSW, the NSW housing industry and the broader NSW economy. The major threats are potential losses due to bushfire, change in land use and loss of social licence.

Fire losses

Due primarily to good luck, the Central West’s softwood plantations did not suffer the damage and losses that were experienced in other parts of NSW during the Black Summer fires of 2019/20. As a result, *the Central West, and specifically the softwood plantation estate, has been forgotten in terms of NSW Government support for improved fire management and protection.* As previously stated, the Central West has the largest area of mature softwood plantations in NSW and is critical to the supply of essential timber products to the NSW economy – any substantial loss of this resource as a result of bushfires will significantly impact on the Region and the State. Support is needed from the NSW Government at a level at least as significant as the support offered in the NSW Government’s \$13 million Plantations Fire Protection Fund which is *not available for the protection of plantations in the Central West.*

Area losses to change of land use

Some plantation lands in the Central West are vulnerable to change from this current land use to non-plantation land use. This includes privately owned harvest land not being replanted for economic reasons (essentially the long-term nature of plantation investments). In some circumstances NSW Government support/intervention, for example, the acquisition of this plantation land or financial support for landowners could prevent the loss of plantation area.

The Central West Forest Industry Hub is supportive of the development of renewable energy projects. In fact, a member of the Hub and one of our manufacturing facilities, Australian Panels, has the largest rooftop solar installation in Australia. However, there are proposals for the establishment of renewable energy projects on plantation land in the Central West which could result in a permanent loss of existing plantation area. The Central West needs more softwood plantations, not less, and looks for NSW Government support to help achieve this. A program similar to the Commonwealth Government’s Support Plantation Establishment program and associate extension support services would be a good starting point.

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Reduction in/loss of social licence

In a survey associated with the recent socioeconomic study referred to in the next section, 90% of respondents in the Oberon LGA view forestry as an important industry to Oberon (equal to agriculture). However, there are threats to this support and the industry's social licence to operate. These include:

- Community concerns about the industry's impact on the Region's infrastructure, particularly the road network. The Regional road network is inadequate for many of the major haulage routes for logs and manufactured timber products which adversely impacts on other road users. NSW Government support is needed to improve the Region's road infrastructure and for alternatives including reopening the Oberon-Tarana rail line to reduce the reliance on the road network (there are many other advantages in reopening of the Oberon-Tarana rail line including economic, environmental, tourism and social benefits as outlined in the report prepared for the Central West Forest Industry Hub found [here](#) .
- Community concern about the impact of proposed renewable energy projects. There is significant negative community sentiment towards the development of renewable energy projects, particularly windfarms, on plantation land. NSW Government support is required to alleviate the community's concerns and minimise the impacts.

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

The State Forests managed by Forestry Corporation of NSW contain the largest area of softwood plantations in the Region and underpin the entire industry. The Central West Forestry Hub undertook a socioeconomic study into the value and socioeconomic impact of the forestry industry to the region. The report shows that the direct and flow-on contribution of the forest industry in Central West NSW delivered \$260.5 million in Gross Regional Product for the 2021-22 year. As a part of that there was \$109.4 million, \$79.1 million directly, in household income generated by the industry that generated a total of 1,259 FTE jobs. The full socioeconomic report is available from the Hubs [website](#).

Other key findings from the socioeconomic study are:

	Central West Region	Oberon LGA
Gross regional Product (GRP)	\$260.5 million	\$188 million
Employment	1,259 fte	849 fte (835 actual jobs)
Household Income	\$109.4 million	\$78 million
Average Weekly Wage		\$1,846 (34% above national median)
Recent Capital Investment		\$373.5 million since 2017

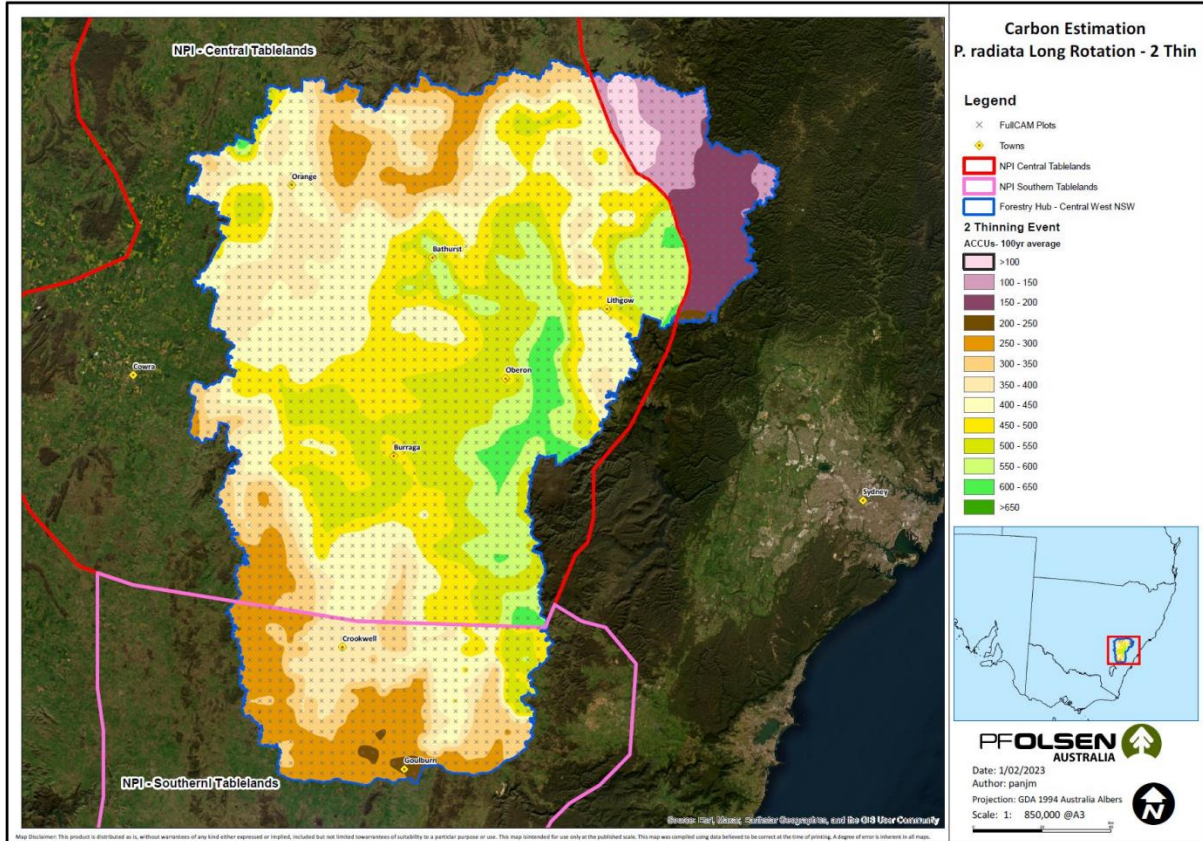
6. Opportunities to realise carbon and biodiversity benefits and support carbon and biodiversity markets, and mitigate and adapt to climate change risks, including the greenhouse gas emission impacts of different uses of forests and assessment of climate change risks to forests

In addition to the entire forestry industry in the Central West being carbon sink and permanent store, there are opportunities to realise carbon benefits and support carbon markets, and mitigate and adapt to climate change risks through the establishment of additional softwood plantations. Central West region has the opportunity for the establishment of potential plantations with 114,741 ha of land being identified as highly capable

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forestry land, an additional 924,435ha of land is capable of supporting plantations at lower estimated growth rates ([source](#)). Note that the capability estimates are based purely on the biophysical characteristics of the land and not its economic viability.

To understand the potential carbon opportunities the Hub undertook FullCAM carbon profiling of the entire region with the highly suitable land being capable of delivering between 463-544 t CO₂e of abatement per planted hectare, and additional abatement opportunities on the lower productivity land.



Source: CWFH Carbon Profiling analysis report ([source](#))

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