Independent Forestry Panel

Public submission

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Your submission

1. Sustainability of current and future forestry operations in NSW

Environmental sustainability

New South Wales has around 20 million hectares of native forest and ~ 380,000 hectares of timber plantation. Along the east coast and ranges the amount of native forest is increasing. Two thirds of NSW forests occur on publicly owned (Crown) land and one third on private land (Figure 1). Crown land has three main tenures – Crown Leasehold, National Parks & Reserves, and State forests. Sustainable forestry operations on Crown Land occur on State forests.

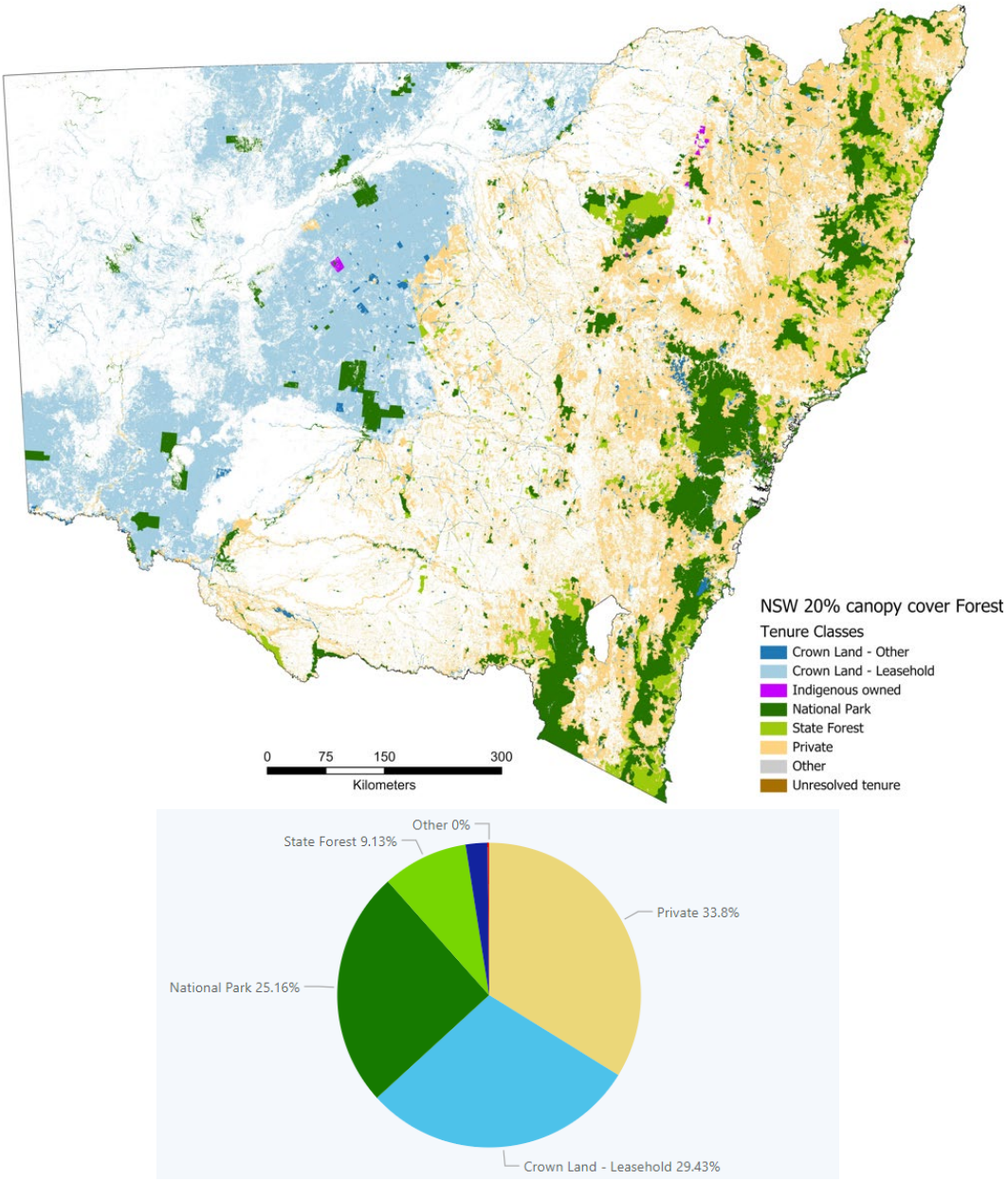

Figure 1 – NSW Forests by tenure (source: NSW DPI Forest Science)

When it comes to ecologically sustainable forest management (ESFM), New South Wales is a world leader. ESFM principles are embedded within Australian and NSW State law as well as national forest policy, regional forest agreements, regulatory codes, integrated forestry operation approvals, and site-specific operational plans.

Performance of forestry operations is comprehensively monitored and reported upon. In fact, much more is known about the environmental sustainability of forestry operations than the performance of our National Parks and reserve system.

NSW State forests have been sustainably managed for timber for more than 100 years. NSW foresters were among the country's first conservationists, dedicating vast tracts of forests for sustainable timber supply. These are forests that would have otherwise been cleared for agriculture.

What makes New South Wales an international leader in ESFM is its level of on ground protection. NSW has close to 9.7 million hectares of publicly owned and managed native vegetation with 8.7 million hectares (90%) managed exclusively for environmental conservation (Figure 2). Less than 1 million hectares (10.2%) is available for sustainable timber supply. The high level of environmental protection is achieved through a CAR[1] Reserve system that was established 25 years ago in eastern NSW and since expanded into western NSW. The reserve system now includes a comprehensive set of harvest exclusion zones on State forests. In fact, ~ 60% of native State forests are now managed exclusively for environmental protection.

[1] Comprehensive, adequate and representative

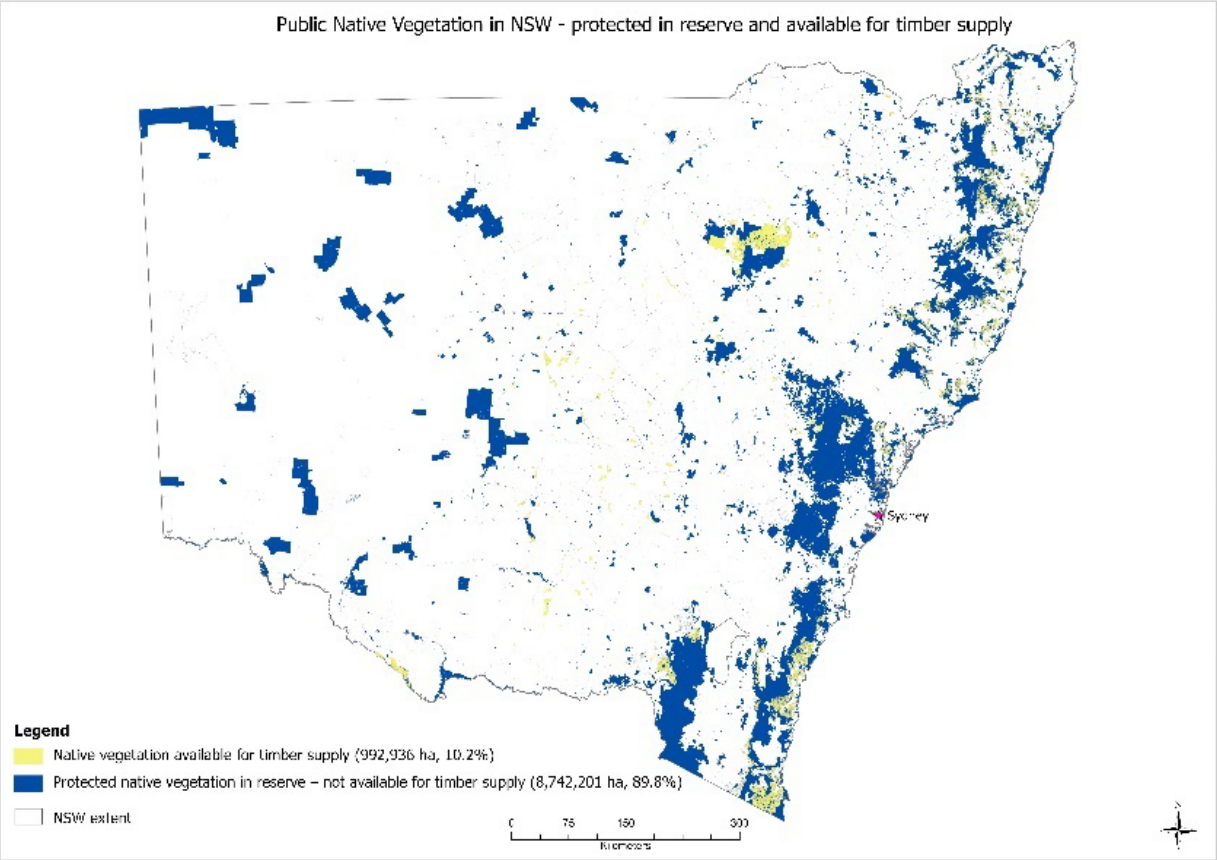

Figure 2 – Public native vegetation in NSW showing a very high level of environmental protection (Data source: NSW DPI Forest Science)

Forestry operations in NSW occur in plantations and native forests. Most operations occur on publicly managed State forests with the balance on private land. Figure 3 highlights the scale of forestry operational activity by type within the NSW bioregions that they occur.

Figure 3 – NSW forest canopy removal attributed to plantation and native forestry operations in 2022 (source: DPIE woody veg change monitoring)

The regulation of forestry operations covers all aspects of environmental protection including, water, soils, plants, animals and their habitat. The level of regulation, particularly on public land, is extremely detailed and far more sophisticated than regulation applying to other primary industries. What the regulation of forestry operations doesn't cover is the maintenance of forest health through best practice silviculture.

When compared to other land use activities, forestry operations are temporary and small scale. The proportion of forested land in NSW that is subject to periodic disturbance from native forestry operations is very small. The NSW DCCEEW woody vegetation change report monitors tree canopy removal on both private and public land. It reveals that public native forestry operations disturb 6,397 hectares a year on average while private forestry disturbs only 2,082 hectares a year on average.

Over a 10-year period the cumulative impact of native forestry disturbance equates to 0.3% and 0.1% of NSW forested land respectively (Figure 4). It should be noted that all forests disturbed by harvesting are regrown. Soon to be released independent research by the NSW Natural Resources Commission confirms that harvested forests are being successfully regenerated.

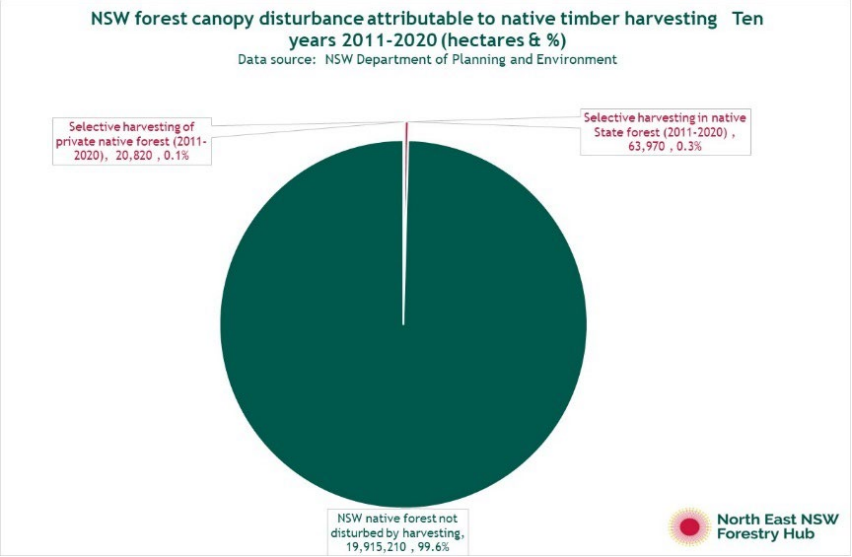

Figure 4 – Forest disturbance attributable to native timber harvesting over a ten year period (data source: DPIE woody veg change monitoring)

When compared with other forest disturbance agents, forestry operations have been found to be temporary and minor. Hislop et al. (2021) found that wildfire and drought are responsible for most forest disturbance (Figure 5).

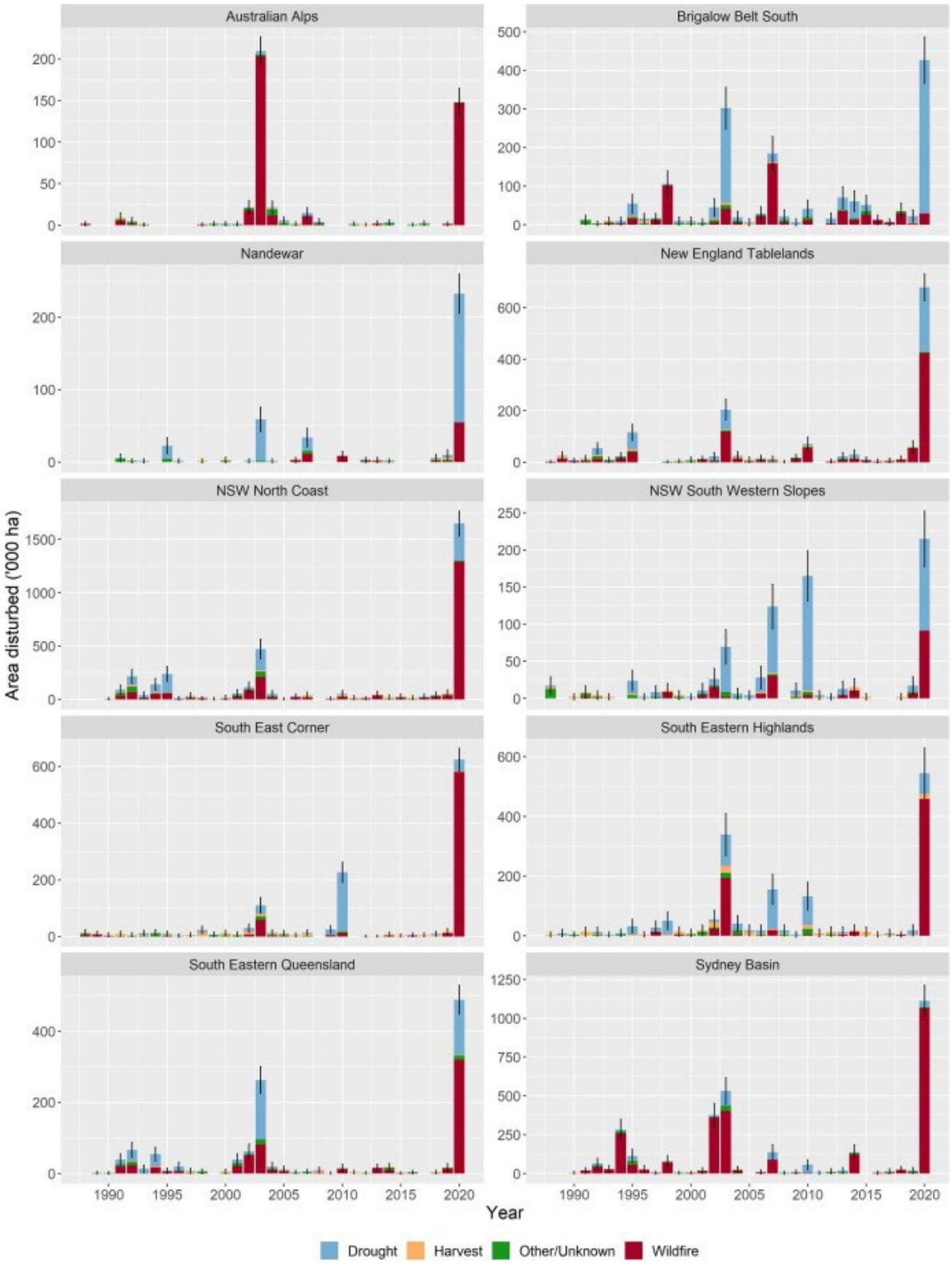

Figure 5 – Extract from Hislop et al. (2021) showing the relative impact of wildfire, drought and harvesting disturbance

Economic sustainability

Australia is the world's six most forested country[2] and in the decade 2010-2020 it had the second highest annual net gain in forest area (Figure 6). Australia's forest industries support 80,000 direct jobs across the full industry value chain with an annual economic contribution of around $24 billion (DAFF). With these credentials it is incumbent upon NSW to ensure that it contributes to a diverse, equitable and sustainable timber supply.

TABLE 1 TOP TEN COUNTRIES FOR AVERAGE ANNUAL NET GAIN IN FOREST AREA, 2010–2020

Ranking	Country	Annual net change (1 000 ha/yr)
1	China	1 937
2	Australia	446
3	India	266
4	Chile	149
5	Viet Nam	126
6	Türkiye	114
7	United States of America	108
8	France	83
9	Italy	54
10	Romania	41

SOURCE: FAO. 2020. *Global Forest Resources Assessment 2020: Main report*. Rome.

https://doi.org/10.4060/cd1211en-tab01

Figure 6 – Top ten countries for net gain in forest area (source: FAO 2024 State of the World's Forests)

With a growing economy and a State well suited to growing commercial timber it makes imminent sense for NSW to invest in plantations and to continue to allow sustainable use of its natural hardwood resources.

The economic impact of the NSW Hardwood Industry was quantified by Ernst & Young in 2023. The findings were significant. Despite 30 years of contracting supply, the industry continues to employ 7,900 people[3] in regional NSW and contributes $1.1 billion to the NSW economy. The industry remains dominated by many small and medium sized businesses, lots of which remain family owned.

In the softwood plantation sector the economic contribution is even more significant with the Murray region alone providing around $1.3 billion annually in direct economic output, and directly

[2] FAO (2020) State of the World's Forests
[3] Direct and indirect FTE

employing 2,100 people. In the Central West Region the softwood industry contributes $260 million in direct economic output and provides full employment for 1,259 people.

There is considerable opportunity to grow the forestry sector's economic contribution. Economic sustainability however cannot be achieved without secure access to resources. Supply security is needed to attract new investment as well as to maintain existing business. Security needs to take the form of improved protection from high intensity wildfires and damaging floods/storms as well as through enhanced resource supply agreements.

In the hardwood sector new markets are needed for low quality logs (pulpwood). This material is generated when plantations and native regrowth are thinned and when sawlog trees are harvested. In North East NSW there is in excess of a million tonnes of harvesting residues generated annually that could be readily recovered and utilised if appropriate markets can be developed.

Investment in wood processing technology and infrastructure to utilise this material cannot occur without resource security in the form of long-term supply contracts.

Multiple benefits arise from developing new markets that improve utilisation including hundreds of new jobs, regional economic growth, reduced forest fuel hazards, a reduction in carbon emissions, an incentive to invest in plantations[4], improved harvesting economics, and most importantly an economically sustainable industry!

Social sustainability

Why is the sustainability of forestry operations in NSW the subject of review when it has such a small impact and accords with international best practice? The answer is political.

NE NSW Forestry Hub research undertaken by StollzNow Research (2023) into the native forest industry's social licence to operate found that only 17 % of the community believes that the native forest harvesting industry should be shut down. In contrast, the research found that 72% believe that NSW native forest harvesting is a legitimate industry. This increased to 86% when those who 'don't know' were removed from the responses.

Disproportionate political influence is being achieved by half a dozen ENGOs. These entities are well organised and well connected. Their effectiveness is achieved through highly orchestrated emotive scare campaigns about the threats to native wildlife and the need for more conservation reserves. Their strategy is highly effective as no-one supports the harming of wildlife. Protecting land is also an appealing proposition to people who mostly live in urban areas that are nature depleted. As 'charities' ENGOs are also assumed to be acting in the public interest despite that rarely being the case.

The Forestry Corporation of NSW (FCNSW) and its harvesting practices are a common target of the campaigns and an easy one. Having been the subject of misinformation and public bullying over many years FCNSW no longer bothers to defend itself or its actions. In its defence the forestry operating environment is extraordinarily complex, so it is difficult for FCNSW to explain and defend itself, particularly against vexatious claims. It is even more difficult for others to talk on its behalf. Knowing that FCNSW doesn't respond to criticism has simply emboldened the campaigns against them.

A concerted series of campaigns over the last three decades has proven highly successful for the ENGOs (refer Figure 7).

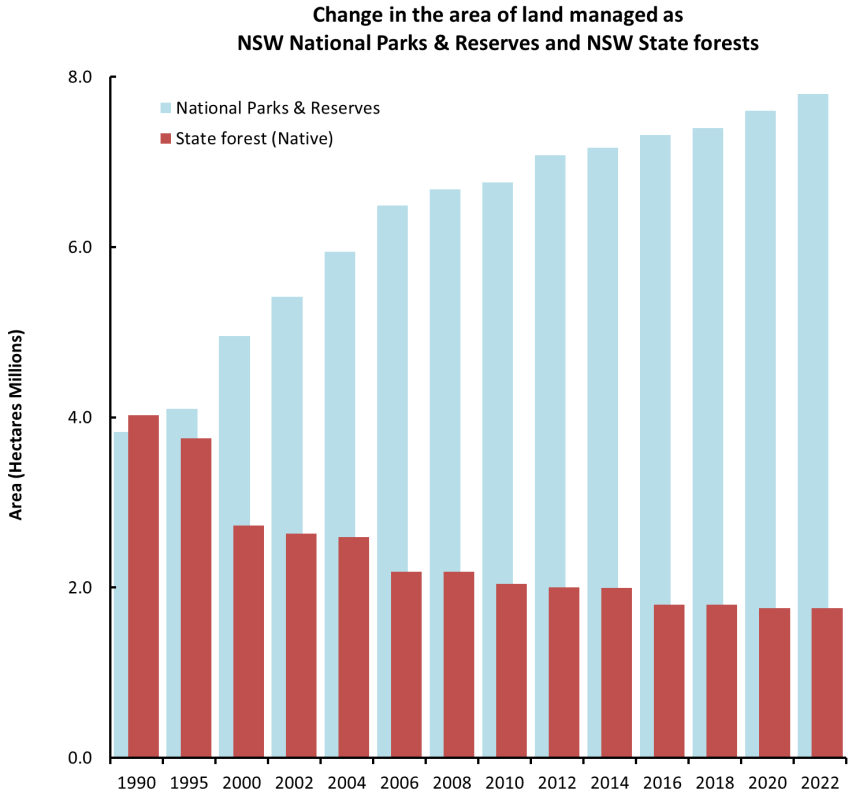

Figure 7 – Change in area of NSW National Parks & Reserves and NSW State forests

Blaming others for impacting wildlife and damaging habitat is now big business with most ENGOs structured like medium sized corporations. As an example, Australian arm of WWF had an annual income of $70M on its last ACNC return.

The iconic koala has been the campaign species of choice in recent years. A 2020 Upper House Inquiry into NSW Koala populations and habitat in New South Wales accepted the opinions of the ENGOs without question and found that without action, koalas in NSW could be extinct by 2050.

> *Dr Oisin Sweeney, Senior Ecologist at the National Parks Association of NSW (NPA NSW), considered the number to be approximately 15,000 to 20,000 koalas.*

> *Dr Sweeney from NPA NSW cautioned that the trajectory of koala populations was 'undoubtedly one towards extinction'.*
>
> *Dr Stuart Blanch, Australian Forest and Woodland Conservation Policy Manager of WWF Australia, stated that the organisation had used 'the best state-wide authoritative published datasets to project that koalas could become extinct across most or even all of New South Wales by as early as 2050'.*
>
> *Stand Up for Nature Alliance (comprised of key conservation groups such as NPA NSW, the Nature Conservation Council of NSW and WWF Australia), argued that the rate of decline of koala populations from 1990 was between 20.4 and 52.3 per cent.*

The acceptance of these unsupported claims led to the NSW Government announcing that it was committed to doubling koala numbers by 2050 and developing a strategy that committed $193.3 million of public money over five years.

Since then, peer reviewed scientific research funded by the NSW Natural Resources Commission has revealed that koala populations on the NSW North Coast are widespread and stable and are not being impacted by forestry operations. More recently, a comprehensive survey of the proposed Great Koala National Park assessment area by the National Parks & Wildlife Service confirmed their findings with 12,111 koalas estimated to be occupying the assessed State forests; State forests which have been the subject of regular timber harvesting for over 100 years.

The Nature Conservation Council and other ENGOS remain undeterred. The NCC website currently states:

> *Over the past year, Forestry Corporation has decimated the forests of the proposed Great Koala National Park.... If logging continues, we risk a park made up of cleared forests that are ecologically unviable as a sanctuary for koalas, fast-tracking their extinction in the wild.*

The NSW Government should not be lulled into thinking that it can solve the forestry social licence debate by conceding to the demands of the ENGOs. If public native forestry is shut down those who depend on generating environmental conflict for their livelihood will simply redirect their campaigns to other causes such as private native forestry, plantation forestry and agriculture.

What is more concerning is shutting down a public native forest industry, will see significantly more hardwood timber imported. This timber will be sourced from developing countries where forestry practices are far less sustainable. It will also see the loss of more than 100 years of forestry investment in renewable NSW State forests.

The NSW Government should accept that public land use will always be a politically contested space, and that acceptance of extreme positions is not in the public interest as it simply fosters ongoing division.

More actively addressing misperceptions and misinformation about forestry will help make forestry more socially acceptable and sustainable. Changes need to extend to NSW Government reporting. Forestry operations should no longer be treated as a clearing activity. The inclusion of native and plantation forestry harvesting disturbance in the NSW DCCEEW clearing statistics is inappropriate and unnecessary (Figure 8). DCCEEW reporting is also biased in that it does not report upon forest area gains which are occurring in areas where forestry operations occur.

By aligning sustainable forestry with land use change activities (i.e. agriculture and infrastructure clearing) it implies that harvested forests are not being regrown. The practice has allowed ENGOs and politicians to make mischievous and false claims about habitat loss. For example, a 2020 spike in forestry disturbance was used to promote the claim that 'land clearing was out of control in NSW'. The spike was due to plantation salvage harvesting following the 2019-20 Bushfires.

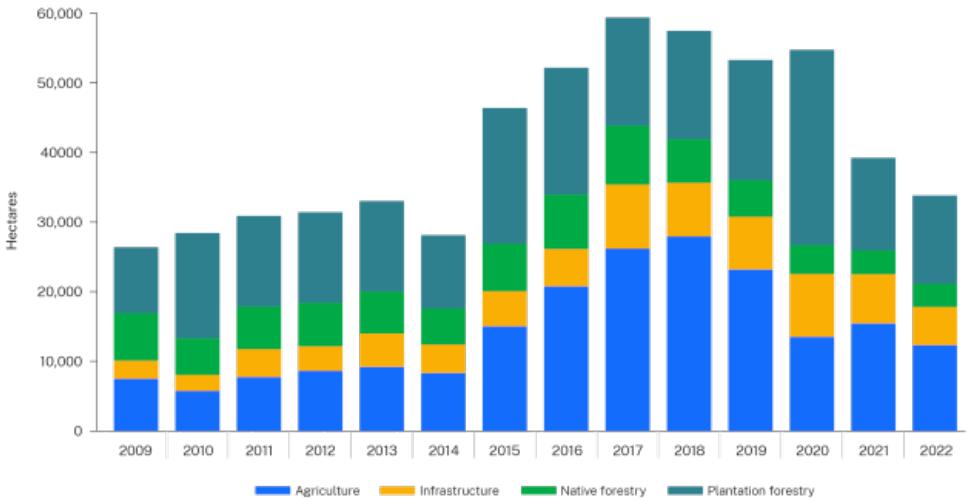

Figure 8 - Woody clearing by landcover class between 2009 and 2022 Credit: DCCEEW

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

The way environmental and cultural values are managed in NSW forests needs to change. Under the current governance model there is a legal obligation to protect things at an individual level but no requirement to protect them at a whole of landscape scale. The 2019-20 Bushfires highlighted the weakness of this governance system. In the space of a few months environmental, economic and cultural values were destroyed on mass along with the billions of dollars of investment that had been directed toward their protection.

To avoid repeating this scenario NSW needs to move toward a more holistic approach. An approach where the protection of the forests and their health comes before the protection of the components within them. This will require legislative change.

Common threats also need to be managed holistically. Climate change, expressed through drought, flood and high intensity wildfire, and introduced pests, weeds and disease are all common threats that do not discriminate. Common threats should be managed to a common standard regardless of the tenure. This is not currently the case with expenditure largely determined by tenure and political influence.

Mitigating the impacts of common threats will make the forests more resilient and all forest values will benefit. Under this approach the need for customised protection of individual things will wane. Transitioning to a more holistic approach could translate to hundreds of millions of dollars in savings and billions of dollars in avoided future damage.

Cross tenure forest monitoring is an essential tool for monitoring environmental and cultural values as well as the risks posed by common threats. The decision to withdrawal funding for the NSW forest monitoring and improvement program (FMIP) was a mistake as it had the potential to greatly improve the efficiency of how and where public money is spent. Ceasing the FMIP removed the opportunity to objectively evaluate the environmental and cultural performance of State forests and National Parks.

Without broadscale forest monitoring and with no financial accountability around NPWS, it is impossible for the public to know if and where it is receiving value for its conservation dollar. Since NPWS became embedded within the DCCEEW its financial performance has gone unreported.

A lack of data about National Parks has been exploited by the ENGOs and by the NPWS. Without data the precautionary principle has been successfully used to argue that more National Parks are needed (Figure 7). Whether this has delivered good conservation outcomes or value to the NSW taxpayer, no one knows!

The NSW Government has also allowed NPWS and FCNSW to operate different accounting systems which has made comparisons very difficult, even when NPWS's budget was publicly reported. Using NPWS' financial system to monitor its performance is difficult because expenditure of common management activities can be spread across multiple programs. In contrast, FCNSW's financial system provides clear and transparent detail around all its activities. What is known is that cost to manage environmental and cultural values on National Parks & Reserves is about tenfold higher than on native State forests.

In the future the level of financial transparency that applies to NPWS and FCNSW should be the same and their accounts should be comparable. This means more financial scrutiny and

accountability being applied to the NPWS. Reinstating NPWS public annual financial reporting is a necessary starting point.

There is considerable opportunity to better recognise FCNSW as a forest conservation agency as it manages more forest for this propose than it does is for timber production. As a corporation FCNSW has never been properly acknowledged or funded for this role. FCNSW can claim expenditure that directly relates to community service obligations however most of the costs it incurs in managing environmental values are not identified as such. This is because they are embedded within its forestry operating system. Because of the way the accounting rules work, the money that FCNSW claims back from Treasury is a drop in the ocean when compared to the money that is allocated to the NPWS for services that are comparable.

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

The markets for NSW timber are diverse. Markets for hardwood and softwood have become quite distinct through market overlap remains common for some products like landscaping timber. Figure 9 highlights the many different uses of NSW hardwood timber.

Common uses for softwood timbers include structural framing, cladding and panelling, benchtops, flooring, decking, joinery, beams and poles. Plywood, LVL, MDF and other products are popular in shop-fittings, furniture and cabinetry (Wood Solutions).

Demand for NSW timber products align closely with economic activity, particularly housing starts, construction and mining.

Around 1.7 million new homes will be needed by 2060-61 to support population growth and demographic trends. This is equivalent to around 42,000 new homes every year over the next 40 years. This will be a significant challenge. The NSW government has a once in a generation opportunity to meet the demand for building supplies through timber industry reform.

Figure 9 – NSW hardwood timber products

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

Plantations

The main advantage of plantations over native forests is that they grow wood more quickly and produce a uniform and consistent product in a much smaller space. Being concentrated in one location also makes plantation wood less costly to harvest and process. The attributes of plantation timber make it well suited for use as commodity products like paper, reconstituted and engineered wood.

In New South Wales, most hardwood plantations were planted in the late 1990s and early 2000s as long rotation sawlog plantations. The plantations take between 35 to 45 years to reach commercial maturity, so most are now mid rotation. If new hardwood plantations are established to supplement dwindling native forest supply they will start producing small sawlogs from about 2050.

New South Wales softwood plantations, in contrast, have been producing a steady stream of sawlogs for more than five decades with most plantations on their second or third rotation. A typical softwood plantation has a rotation length of 30 to 35 years.

Research into the economics of plantations has repeatedly shown that to be commercially viable planting needs to occur on a large scale and be within 100 kilometres of major processing facilities and ports. The proximity and scale requirement is particularly important for low quality wood fibre (pulpwood), which is mostly generated when the plantations are thinned. In New South Wales, the softwood plantations on the South West Slopes, Monaro and Central West Slopes meet the scale and proximity criteria. Apart from the impact of the 2019-20 bushfires these plantations have performed well economically. In contrast, the softwood plantations on the North Tablelands and North Coast are distant from ports and lack the scale that is needed to attract large scale wood processing investment. The economic returns from these plantations have been lower as the wood is transported to other regions for processing.

The overall performance of New South Wales hardwood plantations has been disappointing in terms of their health, growth rates and timber quality. A 2024 report commissioned by the North East NSW Forestry Hub on the financial performance of hardwood plantations within the region has found most to be commercially unviable with average growth rates less than half of what was originally predicted. A review of the performance of hardwood plantations in Queensland came to a similar conclusion.

The performance of the hardwood plantations on the NSW North Coast has been challenged by a lack of tree breeding and genetic improvement as well as their inherent susceptibility to local pests and diseases. In relation to tree breeding, it should be noted that softwood plantations faced similar challenges when they were first established.

Hardwood plantations have also been constrained by a lack of pulpwood markets with few located within one hundred kilometres of pulpwood processing facilities or ports. Hardwood plantations need to be thinned within their first twenty years if they are to produce sawlogs and poles. For most existing hardwood plantations this has not occurred.

The scattered nature and scale of the State's north coast hardwood plantations means that their pulpwood needs to be jointly marketed with material generated from native forest harvesting operations. ENGOs have actively campaigned against the development of pulpwood markets because they benefit the economics of native forestry.

Another challenge for establishing new hardwood plantations is the availability of affordable cleared land. To achieve commercial growth rates hardwood plantations ideally need more than 1200mm of annual rainfall. The North East NSW Forestry Hub has mapped the location of this land on the NSW North Coast. The results show that there is land that is available and suitable, but it occurs in areas where land is expensive[5].

[5] More than $10,000 per hectare

Where suitable land can be sourced at the right price there can be resistance from competing land users, principally dairy farmers and beef cattle producers. This is not an issue if plantations are scattered and small scale, however if the intent is to establish a large, consolidated plantation estate, history has shown that considerable resistance may be expected. Having private landholders invest in new plantations has proven to be more socially acceptable than if government or big corporations get involved.

More recently the attractiveness of plantations has been put into question by the regulatory requirements to evaluate them for their unique or special wildlife values. These requirements have created uncertainty about being able to harvest in a timely fashion without being constrained or delayed by government red tape.

On a more positive note, emerging climate markets are assisting the economics of plantations for timber and carbon benefits with the value of Australian Carbon Credit Units (ACCUs) now approaching levels that can translate to a commercial return.

In summary, hardwood plantations are not a viable replacement for native wood resources. If carefully located and established by private landholders with external technical support[6], they have potential to supplement the supply as the market for hardwood grows.

Private native forestry

Private native forestry is practiced across New South Wales but it is much less widespread than it used to be. Safeguards now exist to protect private native forest from broadscale clearing and Codes of Practice mitigate the environmental impacts.

Private native forestry operates quite differently to public native forestry because supply is generated from thousands of individual landholders rather than a single entity. Private native forestry remains opportunistic with limited long-term planning or investment.

A major regulatory impediment to practicing private native forestry is the requirement placed on landholders to obtain two separate regulatory approvals, known as dual consent. Primary consent to practice PNF is obtained from Local Land Services (LLS) under the LLS Act. The process to obtain this approval is relatively straightforward and the LLS Farm Forestry Unit is available to assist. A second approval is required by some Local Councils under the Environmental Planning & Assessment Act. The second approval is onerous, expensive and difficult to obtain. Councils that require DA consent for forestry activities do not provide any assistance or guidance to landholders and the standards applied to applications are left to the discretion of local planning staff. A 2018 NSW DPI report *NSW planning and regulatory instruments that interact with private native forestry* highlights the complexity of the regulatory requirements and the differing approach of induvial Councils.

[6] Through investment in tree breeding and market development

Private native forestry currently meets around 25%[7] of the State's hardwood needs (Figure 4) operating as a supplement to the hardwood produced on State forests. The future potential of PNF has been quantified in a 2019 DPI Forestry report. The findings suggests that there may be potential for it to match State forest supply if it were to become the recipient of long term investment.

State forests have been the beneficiary of long-term public investment in forest management planning, resource assessment, environmental assessment, roading infrastructure, research and development, and timber stand improvement. In contrast, private native forests have suffered from a lack of investment and from exploitation with many forests now in a degraded state[8]. These things are expressed through lower productivity, inferior resource knowledge and poorer accessibility.

Looking forward, the LLS Farm Forestry unit has an essential role to play in educating landholders about best practice silviculture to restore and enhance the forest health and productivity of this estate. LLS are well placed to encourage active and adaptive management of forests for environmental conservation and timber supply. Noticeable improvements in forest health and productivity will however take many decades to achieve as will infrastructure development, so a long-term commitment to public resourcing is needed.

In summary, with appropriate sustained investment in forest stewardship, private native forestry has considerable potential to grow but not replace supply from state forests.

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

In 2013 FCNSW became a State-owned corporation. For the organisation's Hardwood Division, that is responsible for the management of 1.8 million hectares of native forest, becoming a corporation was never a good fit. State-owned corporations are about keeping costs low, yielding an annual return and being fiscally transparent. FCNSW has tried hard to make its Hardwood Division profitable (Table 1) however this was always going to be a losing battle.

Table 1 – FCNSW Financial performance

[7] The proportion fluctuates with markets and is slightly higher on the NSW North Coast where activity is more concentrated

[8] Repeated removal of the best timber trees and retention of the poorest stems resulting in a degraded forest.

[8] Without markets for thinnings plantations are economically unviable.

Year ended 30 June ($ millions)	FY19	FY20	FY21	FY22	FY23
Softwood Plantations					
Revenue[1]	289	301	300	264	246
Normalised earnings[2]	73	59	47	47	19
Hardwood Forests					
Timber & Extractive Resources:					
Revenue[1]	105	91	73	84	94
Normalised earnings[2]	12	13	0	4	(2)
Land Management:					
Revenue[1]	17	30	16	19	35
Normalised earnings[2]	(10)	(13)	(20)	(12)	(13)
Total Hardwood Forests:					
Revenue[1]	123	121	89	103	129
Normalised earnings[2]	1	0	(20)	(9)	(15)

The dominant use of FCNSW's native hardwood estate is environmental conservation (Figure 10). Trying to make a profit from an estate when timber supply has become a secondary land use is no longer possible.

In FCNSW's attempt to keep costs down the Hardwood Division has focused its attention on operational compliance and its timber contractual obligations. This has come at the direct expense of its broader forest management responsibilities. In the decade preceding the 2019-20 bushfires FCNSW heavily cut its expenditure on fire and road management as well as pest and weed control. It also failed to direct any investment into silviculture.

FCNSW's cuts to operational expenditure resulted in a radically reduced field workforce (Figure 11) and led to the least amount of prescribed burning on record (Figure 12). Not surprisingly, in the 2019-20 bushfires FCNSW didn't fare any better than the NSW NPWS who have the State's worst fire management record (Figure 13). FCNSW use to pride itself on its silviculture and an exemplary fire management record, today these are its two worst performing areas.

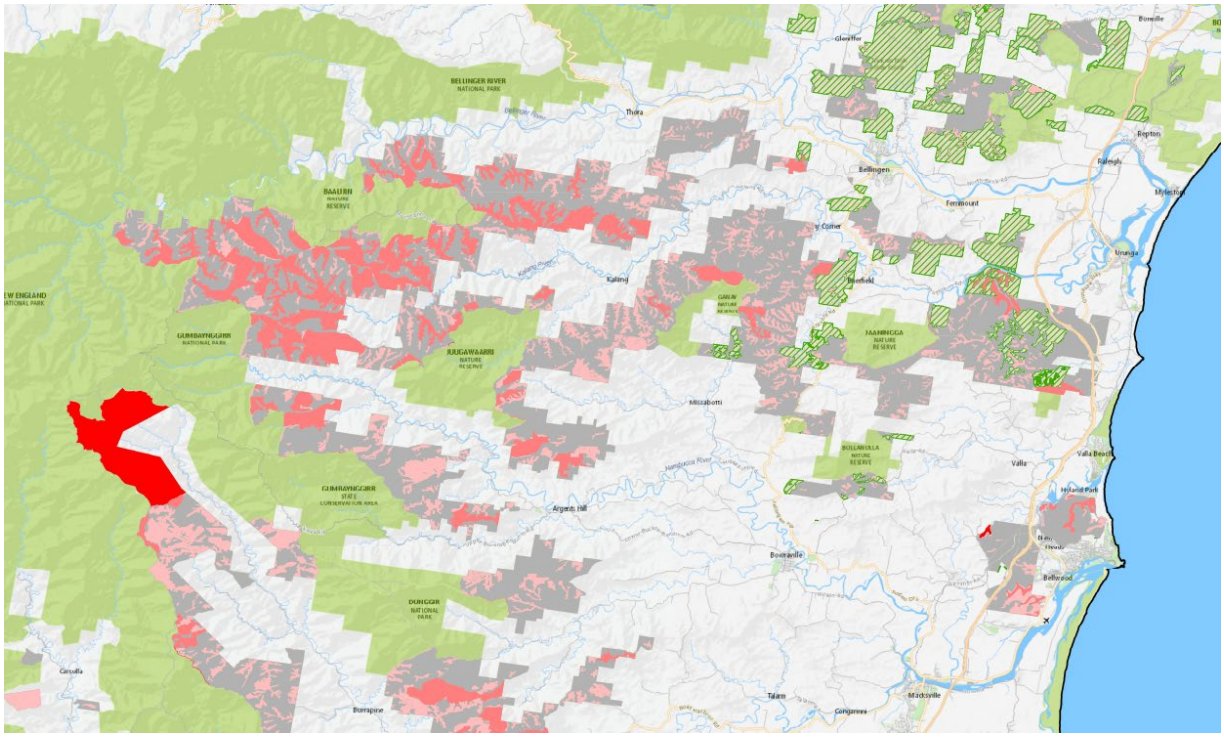

Figure 10 – Example of public forests in the Coffs Harbour area highlighting that ~60% of the State forests are managed for environmental protection (i.e. pink and red areas excluded from timber harvesting) (map source: NPWS GKNP Assessment)

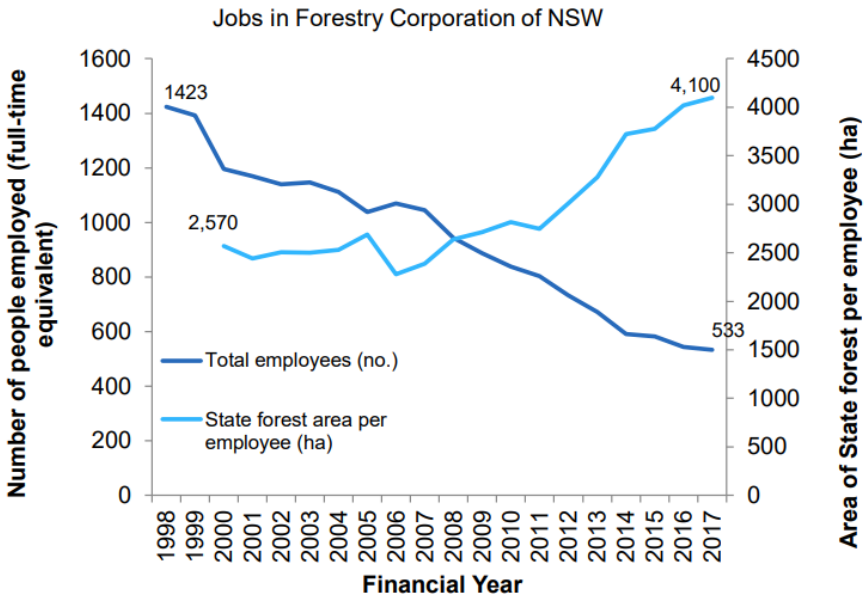

Figure 11 – Change in FCNSW employ numbers between 1998 and 2017

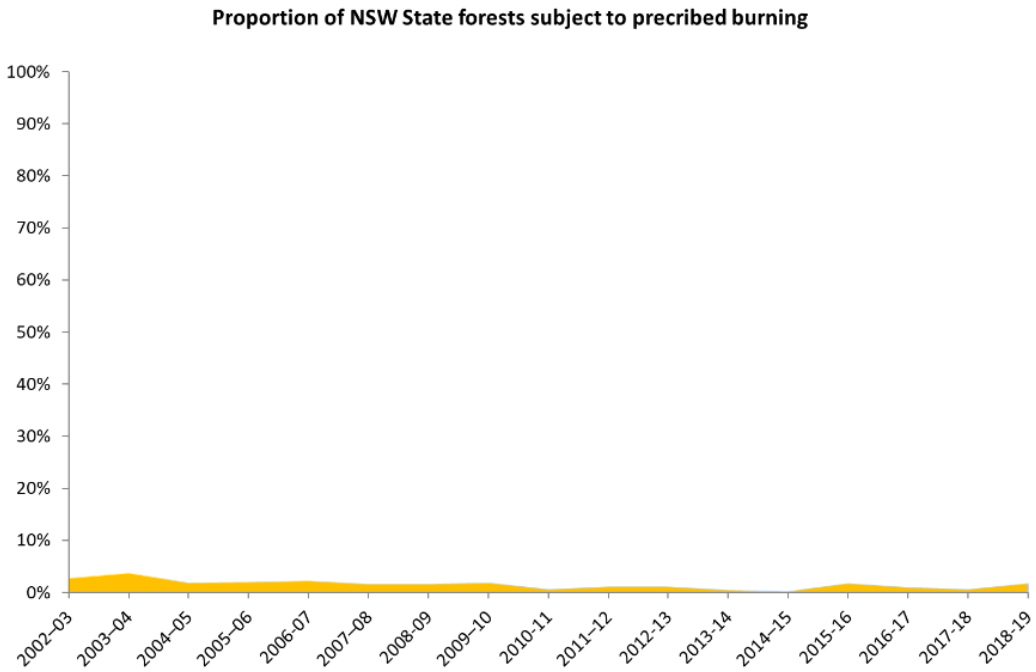

Figure 12 – Forestry Corporation's woeful prescribed burning record – 2003-2019

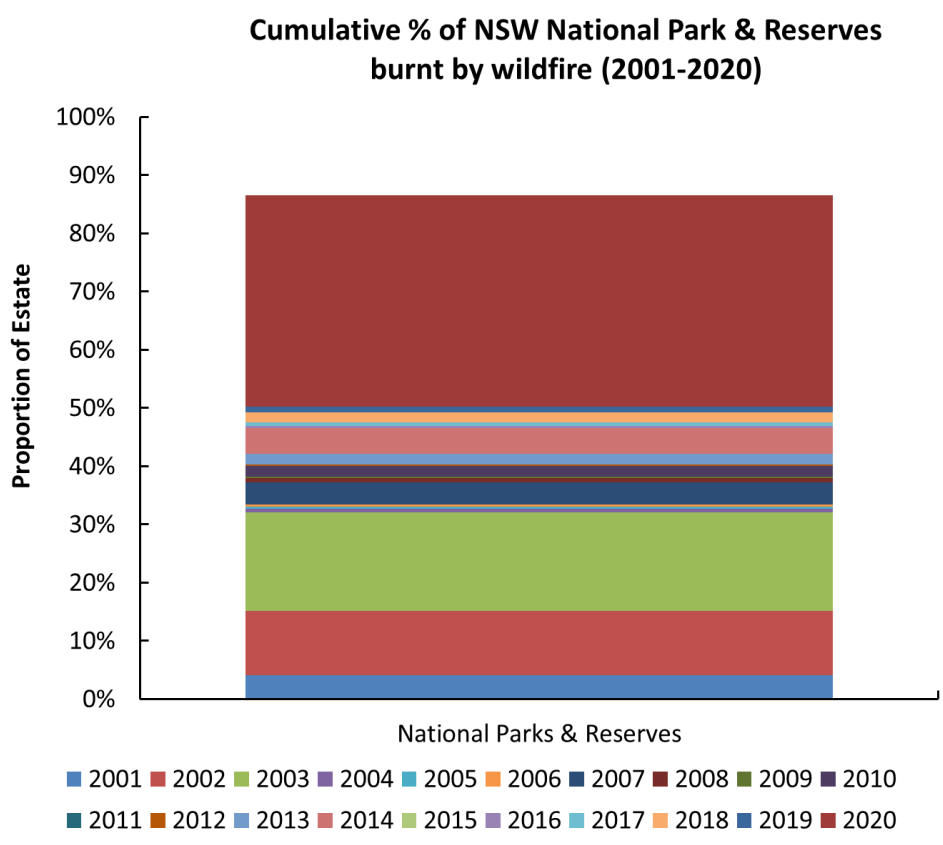

Figure 13 – Proportion of NPWS estate burnt by wildfire (2001-2020)

For public native forests to be sustainably managed in the future, and to be seen as such, change is required to how State forests and National Parks are managed and portrayed.

For the past 25 years State forests have been plundered by political opportunists seeking credit for saving the environment. Very little remains left to give (Figure 14).

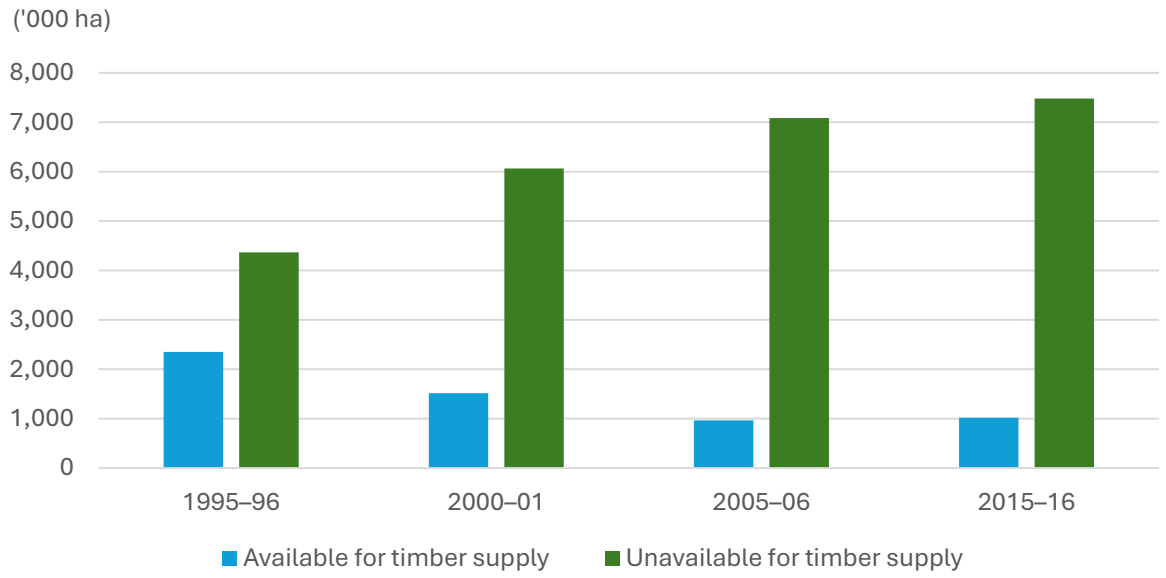

Figure 14 – Declining availability of NSW public native forest for timber supply (data source: ABARES)

FCNSW's Hardwood Division needs to be de-corporatised if the future management of native State forests is to be sustainable. It should be acknowledged that under the current regulatory environment FCNSW has been given an impossible compliance challenge with the ENGOs constantly gifted with opportunities to portray it as an untrustworthy rule breaker. Similarly they should be relieved of contractual obligations that require delivery of species and volume in some contracts and volume in others. Diversity and equity should be the prevailing policy going forward with contracts.

Within FCNSW there still exists a wealth of experience and knowledge that needs to be nurtured and acknowledged.

The future role of FCNSW should be broadened and rebadged, rebuilding traditional expertise in silviculture and fire management and gaining official recognition for wildlife conservation. Silviculture and fire management services are desperately needed to make NSW public forests safer and healthier and less vulnerable to the impacts of high intensity wildfire. Official recognition of the organisation's wildlife conservation role would go a long way toward restoring its social standing.

When the next megafire season arrives the people of NSW should be able to rest assured that the State is as well prepared as it can be. A rebadged FCNSW can play an important role in preparing for this eventuality.

Under a de-corporatised and rebadged FCNSW, there would be a lot more opportunity to engage with and employ Indigenous people. Cultural burning aligns with ecological best forest management practice and if applied on a broad scale it could go a long toward making public forests safer. A 2024 report commissioned by the North East NSW Forestry Hub has found that there are many legal and policy barriers to cultural burning. Using State forests as a training ground for the development of cultural burning practices would remove some of these and provide a platform for skills and capacity building.

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

Opportunities to realise carbon and biodiversity benefits and support carbon and biodiversity markets need to look beyond simplistic lock up and leave solutions that result in land being alienated from people and exposed to increased bushfire threat.

Realising carbon and biodiversity benefits while continuing to allow productive use of land is more complex and challenging but ultimately more sustainable and rewarding.

The methods and accounting systems underpinning Australia's Emission Reduction Scheme are currently favouring a lock up and leave approach. This is creating perverse outcomes on the ground with existing hardwood timber plantations being purchased by carbon companies so they can be managed for carbon only.

Biodiversity markets are similarly being used to place native vegetation into in-perpetuity conservation reserves. Under these arrangements scant regard is given to the management of bushfire threats which can quickly obliterate environmental values which people are being paid to protect.

Markets for carbon and biodiversity benefits should be focused on the mitigation of common threats, namely high intensity wildfire, pests and weeds. Landholders should be credited for reducing the risk that's these threats pose. This may be achieved through innovative silvicultural solutions, application or cultural/ecological burning as well as conventional risk control techniques (e.g. weed spraying and pest control and enhanced biosecurity).

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