

**TRANSCRIPT OF PROCEEDINGS**

**SOFTWOODS WORKING GROUP**

INDEPENDENT FORESTRY PANEL: MR PETER DUNCAN AM (CHAIR)  
PROFESSOR MARY O’KANE AC  
THE HON. MICK VEITCH

INDEPENDENT FORESTRY  
PANEL SECRETARIAT: CLARE MILLER  
CALLUM FIRTH

SOFTWOODS WORKING GROUP: PETER CROWE  
AMBROSE GLASS  
JAKE LAZARUS  
DEAN HAWKINS  
KATIE FOWDEN  
RAB GREEN  
KRISTINA KAMINSKI  
BILL HURDITCH  
CARLIE PORTEOUS

LOCATION: VIA VIDEOCONFERENCE

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**<THE MEETING COMMENCED**

**MR MICK VEITCH:** Okay, I'll kick off then, Mary. So this meeting is being recorded and it's a part of our process here around transparency. Hopefully, Peter will be – Peter's here. Peter, do you want to kick off?

5 **MR PETER DUNCAN:** Hi. Thanks, Mick. Who have we got online? I can't see anybody other than you, Mick.

**MR VEITCH:** Mary's with us and then there's a pretty large cast, a screenful from where I'm sitting.

10 **MR DUNCAN:** Well, I can see everybody now and I can see an old friend there, Peter Crowe,<sup>1</sup> so how are you, Peter?

**MR PETER CROWE:** I'm well, thank you, Peter. How are you?

15 **MR DUNCAN:** Long time no see.

**MR CROWE:** Indeed.

20 **MR DUNCAN:** So have you met Professor Mary O'Kane?

**PROF MARY O'KANE:** Some of us met as we were starting up, Peter.

**MR DUNCAN:** And Mick Veitch, who Peter would probably know as well.

25 **MR VEITCH:** Hey all.

**MR DUNCAN:** Just probably outline quickly what we're doing and you've no doubt seen all the material but we're really assisting and reporting to government on stakeholder engagement for the future forestry industry plan. We're not doing the plan. Central government's doing that with others such as the Department of Environment and Climate Change with the long title and Department of Primary Industries and others.

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35 So we're keen to hear from everybody across the sector. We've talked a lot to different organisations, whether it's the Forest Alliance or David Lindenmayer or I think later this week we've got Timber New South Wales and yourselves. We've also had a day at parliament and talked to members, had a drop-in day there. So really it's listening to you. I'm happy to hand it over now, Mary and Mick, unless the group online have got  
40 any questions before we start.

**MR CROWE:** No, all good. Thank you, Peter.

45 **MR DUNCAN:** Well, over to you and if you could leave us a bit of time at the end to ask questions as well, so we don't interrupt you and any presentation you do.

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<sup>1</sup> Mr Crowe reported to Mr Duncan between 2003 and 2006 when Mr Duncan was the Managing Director of Forests NSW

**MR CROWE:** Sure. Well, first of all I'd like to welcome everybody this afternoon. It's great to have this opportunity and I know that our membership is most appreciative. For those who don't know us very well, the Softwoods Working Group was set up in 1987 because at the time we were having haulage difficulties around the network and as it happens particularly in Albury-Wodonga in bringing wood to the newsprint mill from Victoria where we had to navigate 19 sets of traffic lights, which wasn't – that's all gone now of course.

But it highlighted a much greater issue which was the imminent availability of very large volumes of sawlogs, which came from the plantation establishment activities of the 1960s and 1970s and we rapidly concluded that unless we talked to local government and the other roads authorities and hatched a plan, we weren't going to be very successful at efficiently hauling logs to the papermill and sawmills of the future.

Very fortunately, just after Nick Greiner became premier, we had a chance meeting with him at Tumbarumba and he facilitated through Bruce Baird a process to examine the required network for our known volume of wood. We knew exactly how much wood was going to be available. At the same time, we were making decisions with the minister about allocations to our sawmill customers and those decisions have resulted in the two global scale sawmills that we have today.

So we got on with our planning and got on with our work and we were extremely successful. We established the major link from the Victorian plantations back up into Tumbarumba and now Tumut, of course, and that was because the only B-double capable crossing is at Jingellic and that's proved to be a vital piece of work. In today's dollars, that probably would've been I'd suggest somewhere north of \$300 million project. Anyway, we worked away steadily with what was then the RTA and Charlie Blomfield who Peter would know.

**MR DUNCAN:** Yes.

**MR CROWE:** And he understood the problem immediately and we very successfully worked with councils to get a variety of road projects up, not the least being Gocup Road, which –

**MR DUNCAN:** I was wondering how long you'd be before you get to Gocup Road, Peter.

**MR CROWE:** Took us 10 years, Peter.

**MR DUNCAN:** I know. It's a bit of an urban myth but it's a lot better now than it was, isn't it?

**MR CROWE:** Sure is. It's a vital piece of infrastructure. However, once we got on top of the outstanding projects and it was quite clear that with our local government colleagues and departmental colleagues, that we needed to turn our minds to the longer term and particularly with regard to policy and strategies for the future. And we started talking about what the future might look like with the imminent opening up of Visy

stage one and of course that then threw a lot of the wood flow information out the door and we had to change our planning and priorities again.

5 **MS CARLIE PORTEOUS:** Peter, maybe I could just interject very, very quickly, given we've only got 45 minutes, perhaps we could introduce the members of SWG to the panel.

10 **MR DUNCAN:** Sorry, I should've done that myself. So apologies for that. But why don't you go first, Carlie.

15 **MS PORTEOUS:** Yes, thanks very much and I just wanted to say thanks very much, Peter, Mary and Mick for your time this afternoon and probably the time you've already spent reading our submission and many others that have been provided, so thank you.

20 I'm Carlie Porteous, the executive officer of the Softwoods Working Group and working very closely with Peter, some significant shoes to fill soon but I'd like to take the opportunity just to allow our members to introduce themselves and my understanding from Clare is that this will be quite a casual process of a bit of a Q and A and I thought that by giving them the chance to talk about their businesses might open up that discussion quite broadly. So we have a few members online. From Hyne we've got Katie Fowden and Kristina Kaminski. Kate and Kristina, would you like to introduce yourselves?

25 **MS KATIE FOWDEN:** Sure. Thanks, Carlie and thank you again for the opportunity to have this time for some discussion in addition to the submissions that we've all put forward and it's good to see some of my colleagues on the line that I haven't seen for a while. So my name's Katie Fowden, I'm the general manager of stakeholder engagement for Hyne Group.

30 So the Hyne Group is actually made up of seven companies. Hyne Timber is one of those companies and as you would be aware, we've got the large sawmill in Tumbarumba. Kristina, my colleague here on the line is the site manager of the Tumbarumba sawmill. On average, employing about 200 people in the region and production levels vary but for the sake of this conversation, averaging around 500,000 cube a year. And again, put simply, what we like to say is if you were to lay out what comes out of that mill every day, you'd be able to stretch it from Tumbarumba to Sydney.

40 So the other companies that we have are all part of a vertical integration and I think this is an important part of our story because they're all important products across various supply chains but they're 100% dependent on our sawmill, AKD sawmill, any other sawmill. So we own, for example, landscaping companies, we strip the bark off the pine trees, that's a byproduct, off it goes. But it actually goes into really important supply chains for growing fresh food all over the place. We own three pallet manufacturing companies and again the low grade byproduct timber out of our sawmills goes into those pallet manufacturing companies.

We saw during COVID the importance of the sovereign manufacture of pallets to be freighting goods not just around Australia but around the world. The bark that comes off our logs goes into potting mix, for example, growing agricultural scale fresh fruit and vegetables, which then get put in the pallets and go all over the world. So that's  
5 kind of us in a nutshell in terms of the Hyne Group and that sort of vertical integration that is entirely dependent on the sawmill in Tumbarumba.

**MR DUNCAN:** Okay. And can I say, Carlie, I was down there a month ago and it was good to see the mill's prospered from in the last 15 or so years.  
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**MS FOWDEN:** Yes, I think we bought the mill in 2001 and we've invested – the initial investment to get it up to the softwood standard that we wanted was about 180 million. Since that time obviously we've invested a lot more, we've had some support from both New South Wales government and federal grants, particularly post  
15 the bushfires.

One of our biggest investments is about a \$5 million storage facility on the site, which if you drove past recently, you would've seen that coming close to finalisation in terms of construction. We've actually got a bit of a ribbon cutting event next month.  
20 We followed the grant protocol to invite New South Wales representatives along to that. We understand we don't have any official New South Wales government representation in accordance with that protocol but obviously it's been funded with New South Wales government grant money.

**MR DUNCAN:** Okay. And do you want to make a comment about Tumbarumba itself and the value – well, what it means to Tumbarumba, your industry and your mill, I guess?  
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**MS FOWDEN:** Yes, well obviously there's 1,800 population in Tumbarumba. It's significantly made up of retirees and 200 of the ones that aren't retired work in our sawmill and some economic modelling that's been done in the recent past demonstrates that for every one direct employee, there's three indirect jobs created in the community and surrounds. And Kristina, I don't know if you've got comment on the number of contractors and some of those again that are not our team members  
35 specifically but a large number of people in the community that are engaged through various trades and support as well.

**MS KRISTINA KAMINSKI:** Yes, so trade support on site through contractors is around 20 to 50, depends on what we look at and then on top of that we have all our log suppliers and truck companies that come into the site on a daily basis.  
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**MR DUNCAN:** Okay, good. All right, Kristina, thank you. Who's next? Is it Bill Hurditch? I can see Bill there. I know Bill.

**MR BILL HURDITCH:** Sure. Thanks, Peter and Mary and Mick. Yes, so I'm here representing the Visy Group and have been involved in the Visy project since before it was a baby in gestation. Back in 1995 we started planning the project and a lot of the  
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project of course – and Dean can talk about the current situation, Dean Hawkins. He’s head of resource for the company.

5 But just in terms of the background, without the, as Peter talked about, the plantings of 60s and 70s and the opportunity to actually utilise the thinnings from these plantations, the Visy project would not have happened. The project now, after two and a half stages, we’ve invested \$1.2 billion of private capital on the site at Tumut and we’re producing around close to 700,000 tonnes of manufactured paper each year of which about half is exported in containers around the world and the other half is used inside  
10 the Australian market for packaging grade paper and other uses.

So that’s our project and suffice to say, you know this well, Peter, and Mick probably, ██████████ but it’s been a major boon to the region because it’s provided – it’s really closed the whole loop on all the residues for the operation. So we take basically all the  
15 residues from – the chips from all the sawmills within a 250 km radius or more and we employ around 350 people inside the mill and probably another direct and indirect around 3,000 across the region. So it’s a pretty important part of the business.

The final thing I’ll say before maybe passing to Dean for some of the immediate issues  
20 is that we have suffered a big loss, as everyone has, from the 2019-2020 fires. Significantly it’s put a huge hole in our plans because the company and this is public record – the company was and is still prepared to continue to invest significant hundreds of millions of dollars in additional processing lines in the event there was sufficient resource and resource shortage close to the mill, close being within 100 km  
25 is the key impediment to that investment flowing. So I’ll stop there and maybe pass to Dean.

**MR DUNCAN:** Okay. Thank you. Dean?

30 **MR DEAN HAWKINS:** Thanks, Bill. Yes, my name is Dean Hawkins. I’m the GM of Fibre Resources for Visy. So I basically look after the wood flows into the Tumut mill. I suppose interestingly and the Tumut mill represents a \$1.2 billion investment in the paddock there. I think most people know where it is. For us about 1.9 million tonnes of wood consumed annually. So that’s a lot, so anything up to 7 or 8,000 tonnes  
35 of wood fibre flows in a day and the mill consumes about 5,000 tonne of woodchip a day.

So it’s quite an effort and post fires basically the region itself and certainly Visy itself through the loss of sawmill chips but also pulp logs was circa 5 to 600,000 tonnes that  
40 we have to go and source from different areas. So either doing things differently within the plantations or going further afield and purchasing wood fibre. So a few of the things we want to talk about in relation to logistics is obviously important and I know sawmills, I won’t talk for them, they’ve had the same issues.

45 So some focus on logistics but really protecting what we have now and expanding the current footprint is critical to continue to underpin now our investment in these processes and then obviously jobs and that that go with them. So but that’s probably

just a little bit of highlight, I won't take up too much time. We'll get on to these points as we move forward.

**MR DUNCAN:** Okay, no, that's good. We'll maybe go to Rob Green next. Rob.

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**MR RAB GREEN:** It's Rab, sorry. Can you hear me?

**MR DUNCAN:** Yes, you're just a bit soft. Yes.

10 **MR GREEN:** Can you hear me better now?

**MR DUNCAN:** That's better, yes.

15 **MR GREEN:** Yes, thanks for the opportunity. Yes, I'm the manager of AKD in Tumut. So we've got a sawmill in town and we've got a treatment and a distribution centre in the town. Employ approximately about 190 people, much the same as what Hyne does except we're probably downscaled about half what those guys are since the bushfire. We were hit pretty bad obviously in the region.

20 So we're cutting approximately about 250,000 cube of product. We should be cutting about 550,000 cube of product, which I would really like to be doing at the moment and we probably put about 20 million bucks of wages into the town each year. So we're a very big employer in town as is Visy and as is Hyne locally. We produce probably about 70,000 product of structural timber, which is about 5,000 houses we  
25 can supply a year and we produce about 40,000 cube of product that goes into landscaping and pallets and bed slats and things, which is part of the industry as well.

**MR DUNCAN:** Rab, just a question for you while you're at that. Taking into account what the fires have done and impacted your resource, how long do you think you'll be  
30 back to where you want to be? What's your estimate of that if things are a level playing field?

**MR GREEN:** We can't get back anywhere to where we want to be until 15 to 20 odd  
35 years.

**MR DUNCAN:** So you're about 20 years away of –

**MR GREEN:** At least, yes. I guess if there was – and I won't go into detail, if we  
40 could look at some opportunities around improving our efficiencies around haulage, we could be dragging product a lot further but in saying that, a lot of the resource is tied up with other industries. So it's hard. There are spot purchases coming up out there but just the distance is uneconomical for us to really haul unless –

**MR DUNCAN:** Yes, it's not a loaded question. It was just curiosity to understand  
45 what the level of recovery and time it would take.

**MR GREEN:** Yes, it's a long time. Thank you.

**MR DUNCAN:** Thanks, Jake, thanks for that.

**MR CROWE:** Peter, if I could just give you some information on that. We think we'll hit full production in about – given the existing plantation base, in about 2050  
5 but there will be a wall of pulp wood starting to come forward in about eight or nine years' time. So assuming we've replanted say 30,000 hectares, the first thinning, it'll be coming off at about 120, you can see that 30,000 by MAI of say 15 gives you some pretty big numbers. That's something we've dealt with before.

10 **MR DUNCAN:** Well, it's good to know that figure, Peter, 30,000 hectares. And that's softwood, of course?

**MR CROWE:** Yes.

15 **MR DUNCAN:** Yes. We might just go to Jake then. Jake?

**MR JAKE LAZARUS:** Yes, thanks all. So my name's Jake Lazarus. I look after the largest private grower here in New South Wales. We own about 70,000 hectares of  
20 land, which 47,000 hectares has pinus radiata, so softwood plantation on it. That's all that we do. On any given day we'll have between 100 and 150 people working in the forest between our staff and contractors. We're a full stop shop, so from establishment, seedlings, managing the estate, all the way through to final harvest and thinnings along the way into Visy and our final harvest in this particular area into AKD and Hyne.

25 In terms of fire impact, for us it impacted low 20% of – 22 I think is the final number, 22% of our estate was lost in the various fires between here and the Bombala region. We made a decision as a business to replant that as quickly and as aggressively as we could, so that was redone within three years, so to get that fibre ready for the future back into the people that you see here today.

30 **MR DUNCAN:** So you're sort of in and around the Forest Corporation estate and then down into Bombala, is that right?

35 **MR LAZARUS:** Yes, look our estate is very intertwined with the Forest Corporation estate. We're either right in the middle of or around the fringes of pretty much everywhere there.

**MR DUNCAN:** Yes.

40 **MR LAZARUS:** They're established growing regions and the reason the trees grow there is –

**MR DUNCAN:** So other than resource and recovery from bushfires, what's your biggest challenge as a forest owner?

45 **MR LAZARUS:** It's probably twofold. One is legislation. So legislation which gives us confidence to continue to invest. We keep striking challenges. And I think the other is recognition of the plantations for what they are, which is a true asset. Without them



recognised, you struggle to do a lot of the next steps and they're often perceived as being something that's always there.

5 **MR DUNCAN:** Yes, it is an issue that's come up before and obviously something for an industry plan to think about. Yes. Okay. Who have I missed?

**MS PORTEOUS:** Peter, you've got one of our Albury City Council members on the phone, Ambrose Glass, as well.

10 **MR DUNCAN:** Andrew, is it?

**MS PORTEOUS:** Ambrose.

15 **MR DUNCAN:** Ambrose. Ambrose, would you like to –

**MR AMBROSE GLASS:** Look, thanks both Carlie and Peter and other panel members. Look, I won't take up too much time. Obviously local government interested in supporting our local businesses and economies. Obviously a little bit further away from Tumut and Tumbarumba but forestry still plays a very important part to our region and as Peter mentioned some of the history in the border region in particular.

25 Yes, the paper mill that Peter referenced is no longer operating here but there is still a very important contributor to our economy with two major box plants, one being Visy and obviously their competitor Opal starting up in Wodonga in the last year or two. And then all the fibreboard plants in the local region, Benalla, Wangaratta, Myrtleford and a lot of these employment comes from Southern New South Wales. As well as all of the supporting logistics and haulage companies that support the forests in Southern New South Wales and Northeastern Victoria. And then from a fire perspective, obviously we've got Albury City have the Albury Airport and lots of investment made in terms of – and continuing to be made in terms of infrastructure from an aero firefighting perspective there.

30 **MR DUNCAN:** No, that's interesting. Yes. So Ambrose, are you regional development – you've got that in your portfolio? Is that what –

35 **MR GLASS:** Yes, so mine's business and lifestyle, so I've got a funny portfolio. Economic development is absolutely one, the airport I mentioned is another. And then more into leisure and events and tourism and everything else but my hat here is primarily economic development.

40 **MR DUNCAN:** Well, I'm glad you're online because Albury Council wouldn't have been somewhere where we naturally went to and it's interesting to hear those links, when you're sort of the centre of that region in Northern Victoria and Southern New South Wales. So have I got everybody, Carlie?

**MS PORTEOUS:** Yes, you do. Sorry, Peter. I was trying to find that mute button, my apologies.

**MR DUNCAN:** No, I might – I’ve asked a couple of questions, I might ask Mary and then Mick if they have some questions. I’ve got another one but I’ll leave it until later. So Mary?

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**PROF O’KANE:** Thanks, Peter, and thank you all for joining us. I just wanted to check, is this all softwoods or is there any native forestry involved with any of you?

**MS PORTEOUS:** Thanks, Mary. The Softwood Working Group is all softwood processing, councils associated with the benefits of the industry and vice versa and softwood growers. So it is softwood focused.

**PROF O’KANE:** And is there any comments anyone wants to make about the native forestry side which is taking up the bulk of our time in this particular piece of work?

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**MS PORTEOUS:** Absolutely. I am sure. Certainly Peter has the most experience in the native forestry space and has some comments to make on that and then we’d be very happy to look at the forward focus action plan from a softwood perspective. But Peter would happily answer some questions if you have them.

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**PROF O’KANE:** Not specific ones, just wanted to see if there were any comments you wanted to make, that was all.

**MR CROWE:** Adjacent to the softwood plantations between Batlow and Tumbarumba there’s very large alpine ash forest that’s been commercially harvested 150 years. It produces mainly alpine ash and other high altitude species, total volume relative to the plantation estate is quite tiny. It’s only 30 or 40,000 cubic metres a year max lined up against the productive power of about four and a half or five million in terms of the softwood plantations. So that gives you some perspective.

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**PROF O’KANE:** Yes, we’ve been hearing that, Peter, so thank you for that.

**MR CROWE:** Mary, with regard to native forest generally, I’d just like to say that I have quite a background in native forestry and I still have strong connections with people in South America because I was responsible for working with the Commonwealth and handing over the eucalyptus grandis genomics to the Champion company back in the 1970s and I built the first modern eucalypt nursery and the South Americans have taken it on from there big time.

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**PROF O’KANE:** That’s right, yes.

**MR DUNCAN:** Mary, could I just ask a quick question on the back of that?

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**PROF O’KANE:** Sure. I’ve finished, Peter, so you go.

**MR DUNCAN:** Peter, the 10 years or actually 20 years, in the last 20 years the colonial process and the development of that sort of IP, if you like to call it, in New

South Wales has sort of stopped or declined. Do you see a future in that if it was reenergised for the plantations particularly, hardwood plantations?

5 **MR CROWE:** Well, you're dead right. We've dropped the ball. I've been up close what the resilient companies are doing, I've spent a lot of time with Klabin and a few of the other companies but particularly with Klabin and they're streets ahead of us, as are Sappi are Mondi in South Africa. And we are not doing any proper tree breeding anymore.

10 **MR DUNCAN:** So from a plantation point of view, Peter, there's some fertile territory here to reengage in that sort of work and research particularly to get better outcomes out of plantations in the hardwood space I'm talking about?

15 **MR CROWE:** Well, just some comparative numbers for you, the MAI of native forests is about one, one cubic metre per hectare per year. The best of our eucalypt plantations and these came out of seedlings that I actually raised at Coffs, is about eight in eucalyptus grandis. Radiata of course is averaging about 18 or so around Tumut and Tumbarumba.

20 But in Brazil and South Africa, I have seen plantations that have done over 60, 6-0. But that's due to a whole lot of morphological reasons. They don't have the pests and parasites that we've got over here. But if ever we want to grow eucalypt plantations at an acceptable rate, we need to breed strains of eucalypts, both hybrids and clones, whichever way we can do it, to optimise wood properties first of all and secondly deal  
25 with insect resistance and disease resistance. If we don't do that work, we might as well not even try.

**MR DUNCAN:** Yes. That's good background, Peter. I might go to Mick. Mick, have you got any questions at this stage?

30 **MR VEITCH:** Yes, look, I have quite a few, Peter, but I'm going to curtail it a little bit. The first question which arises from the 19-20 bushfires. You had to source your resource from a lot further afield, are you still doing and could you just give the panel a bit of an idea about where you're drawing your resource from at the moment for  
35 each of your mills?

**MS PORTEOUS:** Mick, that's a great question and the answer is yes, the distant wood is actually growing but what I might do is hand over to the team to explain that more intricately, if you like. Hyne, AKD or Visy, I think one of you could explain that  
40 best. You go, Dean.

**MR HAWKINS:** I can certainly explain it from Visy's point of view. So from Visy's point of view, our distance prior to the fires was probably out to about 450 km. We certainly did source wood from distance but the percentage of what we'd source now,  
45 we're around about 35%, we've gone up 10% on distant wood fibre, 10, maybe a little bit more. So put that over 1.9 million tonnes, that's a lot of wood. So we're circa 150-200,000 tonnes more that has to come from distance and considerable distance. It's all now coming at a long distance.

We're probably not a long way further than 450 at the moment but of course we've still got to run another eight or nine years before we start to get first thinnings back on and that's my job to fill that hole and I foresee that there are problems coming in being  
5 able to source enough wood fibre to run the plant generally without going to very long distances. So yes, the percentages is certainly increasing and the average, weighted average kilometres is increasing considerable. So from Visy's point of view, it's huge and it continues to go on and it isn't going to stop until the bubble of pulp wood that Peter's talked about will arrive.

10 **MR VEITCH:** Katie, what about Hyne? Is it the same situation?

**MS FOWDEN:** Yes. We're all in exactly the same situation because I guess pre-fires we were all in the same fibre basket and having lost that 40% of our local log supply,  
15 we're freighting some significant distances and what I will say at really unviable costs to the business. We are having to look at R&D, we're investing in house, if you like, of how we extract more value from every single log that we're paying a lot more for. We feel like we are doing everything we possibly can as a business to attempt to mitigate to some degree these unviable freight costs but it's actually a pretty grim  
20 picture looking forward for a long time with some of those costs.

And it's no secret to this group that we have written to the New South Wales government to look at some support with the freight costs of the logs we're buying from Forest Corp New South Wales, being freighted all the way from Walcha, which  
25 were previously pre-fires exported with no value add to the New South Wales or the Australian economy.

So that's a letter that was joint by ourselves and AKD with support of Visy because this is an issue for all of us that we share pretty equally and to date that letter's gone  
30 without any response and I don't know if that particular issue has been brought up to the attention of this panel and whether that's something that is captured as part of your review. I would hope it would be because that's certainly a significant issue for all of us.

35 **MR DUNCAN:** I think on that issue, subsidies generally have been raised. But just to put your example into perspective, you know, Visy said up to 450 km, if you're going from Walcha, that's almost double that, isn't it? That's about almost 8 or 900 km, isn't it, to you or more?

40 **MS FOWDEN:** It's over 700 off the top of my head.

**MR GREEN:** Yes, I think so.

45 **MR DUNCAN:** Okay, so that –

**MS KAMINSKI:** Sorry, 850 is the furthest we get from – yes, 850 is Walcha.

**MR DUNCAN:** Just wanted to put it in perspective. So that's a long haul and a lot of trucks on the road to get it there, isn't it?

**MR GREEN:** Yes, it's trained down but to Bomen in Wagga.

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**MR DUNCAN:** Is it? Okay. Well that's –

**MR GREEN:** Yes, then it's brought over from train from Wagga to Hyne and AKD.

10 **MR DUNCAN:** With another hat on, that's a very positive thing. But I won't go into that.

**MR HAWKINS:** I think one of the real issues, you've just hit the nail on the head, is there's a lot of trucks on the road. So if you're out at 450 km, so you've replaced local wood, so a local truck driver will do three or four loads a day into a mill, now he does one. So you've got all of that infrastructure because you need all of those more trucks, you need all of those truck drivers to do it, which are – that's a problem in its own and you've got all of the associated emissions and everything, wear and tear on roads, it goes on and on and on.

20

So certainly one of the things that we put in our submission and certainly with the Softwoods Working Group as well is around infrastructure and certainly things like PBS vehicles and trying to streamline that process. I mean, we're married to distant wood for a considerable period of time. We can't get away from it unfortunately, it's just a fact of life. So we've really just got to look at how we can make that as most efficient as we possibly can across so PBS vehicles and streamlining that process across all governments I think is critical to try and help. It's not the be all and end all but it's certainly efficiency, that's in cost, that's huge for us but in truck drivers and emissions and that I think is still a big, big point pointer.

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**MR DUNCAN:** So Dean, if it is a prolonged period of time, you've got long haul, you just mentioned the Walcha or getting trains to Wagga, is that a viable alternative or is that helpful or not? Or is it –

35 **MR HAWKINS:** Unfortunately, from where the forest areas are, so we certainly looked at the Demondrille line which was coming out of the Bathurst Oberon area and the upgrade at that line was a bit too much for the actual freight that we were going to put on it and it really does probably need to come a long distance. But the issue becomes as soon as you pick something up, put it down, pick it up, put it down, pick it up, put it down, you just continue to add costs everywhere. So Bombala region doesn't have a rail line into it either, so there's probably huge infrastructure costs to get these rail lines back up and running, so to get them going and it'd be questionable whether it would actually warrant itself. I think from my point of view –

45 **MR DUNCAN:** Things not all in the right place. But Mick, sorry, I've got carried away. Over to you.

**MR VEITCH:** No, no, because I just know that's a real issue post the fires in particular. So then Jake, that leads me to an issue around purchasing land for new plantations. I go right back to the 1980s when Terry Sheahan lost his seat over the forestry for buying land on places I used to shear on, like Nanangroo. We've heard  
5 that one of the issues is that the cost of the land goes up quite extensively, the farmland. Is that a fact, that the price of getting in is very difficult to buy the land for plantation?

**MR LAZARUS:** Yes, Mick, absolutely. Land in this particular area, it wasn't that  
10 long ago that you could pick up land for – pick a number - \$2,000 a hectare. Now, it readily transacts at 7, 8, 9, \$10,000 a hectare and it's challenging to get the economics to stack up for forestry. I'm not quite sure how the other land users get it to stack up, based on my knowledge of those land uses, but it is very challenging to get it to stack up. There's absolutely no doubt about it.

**MR VEITCH:** So Jake, those numbers make the investment equation quite difficult.  
15 So do you have any suggestions around how that could be improved or assisted or aided?

**MR LAZARUS:** Look, they definitely make it challenging. Look, and I think the  
20 other thing is land – the availability of land in areas that are suitable for growing what we grow is limited and then there is the social licence aspect. There's areas that could have more trees but there's areas that perhaps from a social licence shouldn't. With regards to again it comes back to security, guaranteed harvest, what you plant today,  
25 guaranteed to access it and being able to harvest it tomorrow is something that's becoming more and more challenging with legislation that's in place.

But the interpretation of that legislation has changed. So that doesn't help with  
30 confidence. Suggestions perhaps include biodiversity or carbon offtake agreements with the New South Wales government at a floor price, for example. I'm sure the New South Wales government has a carbon liability and there's an opportunity to offset it there by doing something with the plantation industry and the softwood industry at a guaranteed offtake. So you've got a security there, you've got something to underpin that investment.

**MR VEITCH:** Yes, yes. Have you had discussions with state government about –  
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**MS PORTEOUS:** I was going to say, Mick – Jake, are you okay if I maybe add a  
40 little bit to that one if that's possible?

**MR LAZARUS:** Yes, go on.

**MS PORTEOUS:** Yes. We've actually had quite detailed discussions, Mick. As a  
45 group we met with the New South Wales department and did a little bit of a brainstorming workshop on how we overcome these obstacles and our submission does talk to a lot of the outcomes of those conversations. One certainly if you do want to grow the estate and contribute to the New South Wales commitment to housing, there are some barriers that we would need to overcome. So we've got a growth

5 opportunity in our submission and then we've got what hurdles need to be overcome. We didn't specifically talk about the cost of land but we did – as a group we have discussed, as Jake indicates, a guarantee or a hedging opportunity for carbon. So that's just guaranteeing a price at a particular point in time so investors have confidence to invest.

10 And then of course, as Jake's touched on, those regulatory barriers. So ensuring that if we're going to attract people to the region to purchase land at a higher price, they want to know that they've got a return on investment but they also want to know that they can harvest those trees. So we have put a lot of that information in our submission under "Address barriers to investment and opportunity." But yes, I'm sure there's others that can probably talk to a bit more but the answer's absolutely we've been engaging with them quite regularly. Thanks, Mick.

15 **MR VEITCH:** Yes, yes. And Peter, just one last question, very quick one.

**MR DUNCAN:** Yes

20 **MR VEITCH:** This sort of flows on from your conversation with Pete, but research and development, for R&D funding for the softwood sector, does it need increasing or does it need reallocating into other purposes? Like, are we researching and developing the right thing?

25 **MR HURDITCH:** Can I make a comment on that, Peter, do you mind?

**MR DUNCAN:** Please, go ahead.

30 **MR HURDITCH:** It's Bill here. Peter will have comments about the silviculture and the tree stuff but there's a lot of opportunity to get technology into our plantation sectors for protection of the resource and early warning for fire, catastrophic loss issues. I mean if we had been really up to the mark, I know that the 2019-2020 fires were out of the ordinary but there has been clearly a bit of a ball drop on some of the fire protection that was in the early days and we think that there's a lot more opportunity for government to help with technology and deployment of risk management amongst the plantations.

40 I mean, if we bring wood an extra 200 km, that extra money is just going on freight. If we deployed that sort of opportunity cost into risk management and preparedness and early warning for particularly fire control but other issues, then we'd be in a much better position. So we can learn from the past on that. So I think, Mick, that's a R&D opportunity or a technology, deployment opportunity that we ought to grab and I know that Carlie and the team have been very active in progressing that to some extent.

45 **MR DUNCAN:** Yes. Okay, Mick.

**MR CROWE:** Just to help answer your question, we are very advanced on the tree breeding front, particularly through the Radiata Pine Breeding Company in New Zealand. We're the largest shareholder and in fact Ross Dickson from Forestry Corp is

the Chair and funnily enough I've been over with the tree breeders and the seed producers in New Zealand only last week and I think we're doing some pretty good work there. However, Bill's already mentioned fire as an impact on our plantations but the other thing is blackberries and I would think that first of all it's a real landscape  
5 problem. It's not just a problem to us, it's a problem for everybody, it doesn't matter where you go. And it's impacting the growth of our plantations, I would estimate, by at least two MAI, possibly three, four or even five. When you lay that across 120,000 hectare estate, it's a heap of wood.

10 **MR DUNCAN:** Yes, yes.

**MR CROWE:** And it's not so much the loss of the stumpage, it's the loss of the value add and all the other things that are generated along the way, employment, taxes, wood available for housing, pallets, pulp and paper, think about all the boxes of  
15 stubbies and boxes of bananas. Where's it all come from? It comes from places like Visy.

**MR DUNCAN:** Yes.

20 **MR CROWE:** So we need to keep on our toes with research and really tree breeding and fire protection and weeds, they should be top of the hit parade. They're the biggest threats to our plantations.

25 **MR DUNCAN:** That's good, Peter. That's a good range of things there. Mick, have you got more questions?

**MR VEITCH:** That's it, Peter. I'm dusted.

30 **MR DUNCAN:** Carlie, I've just got one final question, with the change in Victoria recently and other states to forest policy, has that had any impact on your region and the softwoods at all? Is there any noticeable change from that process?

35 **MS PORTEOUS:** Not necessarily noticeable change, Peter. I think what we will see is a potential noticeable change and that's when I think those skilled workers that worked in the native forestry industry are no longer there. They're truly the ones that know the bush and put up thousands of voluntary hours during the 2019 and 2020 fires and I do know that because I was the head of the Australian Forest Contractors Association at that time.

40 **MR DUNCAN:** Right.

45 **MS PORTEOUS:** So I think what we will see is certainly to New South Wales we'll see a risk across that border from the lack of management in Victoria because of the decision that they've made coming north. And similarly if a decision's made here, I certainly know that the members on this call would much prefer to be next door to a well-managed native forest than one that's locked up and unmanaged. The risk to our industry would be catastrophic, in my opinion. Yes.



**MR DUNCAN:** Okay. All right. Mary, have you got anything else you'd like to raise? No. Mick?

**MR VEITCH:** No, I'm good thanks, Peter.

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**MR DUNCAN:** Look, unless anybody on the screen's got something, Carlie, we've got the material you provided and we really appreciate it. You can gather from our questioning, the focus and the forest industry policy around the country has been on the native hardwood areas but we're really interested to hear what you've had to say about the industry you've got there and we really do understand the sorts of issues you raised about the impact of fires and resource and things like that.

10

So I think from my point of view, thank you very much for the time that you've all put in today and we really appreciate it. We may come back to you if we need to but just so you know, we're in a fairly tight timeframe process to complete our work by [REDACTED]. Whether there's some further work to that, I can't answer that. That's a matter for government but we're certainly really appreciative of all the time today and the effort you've put in.

15

**MS PORTEOUS:** No, thanks very much, Peter. And if I can just close with we understand that a lot of the focus has certainly been around the native forestry side but we would like to emphasise that we see this as an opportunity for a really bold and forward looking action plan for the industry and certainly for Housing New South Wales and what the opportunities truly are to not just maintain this industry as the status quo but how do we actually grow it, create these efficient manufacturing facilities, vibrant communities and truly a product that sequesters carbon across its landscape. So we'd just like to leave it with quite a positive and forward looking opportunity that we think this plan really does provide us.

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**MR DUNCAN:** That's helpful. That's helpful. Thanks very much. All right, well we'll say goodbye and it's good to see a couple of familiar faces from the past, so all the best, everybody.

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**MR CROWE:** Okay, thanks, Peter.

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**MS PORTEOUS:** Thank you very much.

**MR VEITCH:** Thank you for your time.

**MR DUNCAN:** And we might stay on, the secretariat.

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**UNKNOWN SPEAKER:** Thank you very much.

**MS PORTEOUS:** Thank you.

45

**>THE MEETING CONCLUDED**