

**Some issues for consideration by the Productivity
Commission Public Hearings on *Impacts of Native Vegetation
and Biodiversity Regulations***

Sydney, 4 February 2004

Presented on behalf of the NSW Forest Products Association Ltd (NSW FPA)
by Northern NSW Forestry Services

This paper has been prepared as a brief summary of issues that the NSW FPA wishes to address to the Productivity Commission Public Hearings in Sydney on February 4, 2004. The NSW FPA is grateful for the opportunity to participate in the public hearings.

The importance of the Private Native Forest resource in NSW

1. In NSW the proportion of private native forest resource in the general resource mix to hardwood sawmills is significant. On the north coast about 50% of the resource supplied to industry comes from private forests. The same can be said for the Red Gum forests of the Murray and Murrumbidgee. The private Cypress Pine/Ironbark forests of western NSW also provide a substantial resource to smaller sawmills in that region.
2. As a further example, in the Clarence River catchment of north east NSW, it is estimated that about 60% or more of the resource for industry is sourced from private property, with all but a few of the larger mills in the Grafton area relying solely on private property resource.
3. Another measure of the importance of the private resource is reflected in the substantial area of State Forest that has changed tenure to conservation reserve as a result of NSW Government forest policy. In recent years about 600,000 hectares of State Forest on the mid north coast and north coast alone has been removed from multiple use management. As a result the private resource has become increasingly important to Crown mills looking to supplement dwindling State Forest resource and in recent times there has been a noticeable and significant trend upwards in PNF stumpage values.

NSW Regulation – Is Private Native Forestry (PNF) really Broad Scale Clearing of Native Vegetation?

4. Further to 3 above, without incentives for private forest owners to manage their forests, much of this resource could potentially be sterilised through over-regulation or regulation that is just too difficult or costly for forest owners to wade through.
5. Unfortunately in NSW the concept of *broad scale native vegetation clearing* as embodied in the existing Native Vegetation Conservation Act and the new Native Vegetation Bill also encompasses private native forestry, specifically practices such as selective logging. This has a number of consequences for the private native forest industry, including:

- It results in a misconception amongst many in the broader community that PNF is in fact clearing and therefore damages the environment. Indeed the annual clearing data for NSW includes PNF practices such as selective logging, when in fact this form of forest management is anything but broad scale clearing of native vegetation.
 - It acts as an impediment to many forest owners who regard the whole process of obtaining “clearing authorisation” for PNF as too difficult.
 - It therefore becomes a disincentive for forest owners to properly manage their forests.
 - It has an impact on the potential available resource from what should be sustainably managed private forests.
6. The concept that PNF equals clearing is not new to the recent legislation. It in fact dates back to the State Environmental Planning Policy (SEPP) 46 of the 1980’s. No one in Government has seen fit to treat PNF in a different manner, despite a recognition by many regulatory staff in the Department of Infrastructure, Planning and Natural Resources (DIPNR, formerly the Department of Land and Water Conservation) that PNF should not be treated under the clearing provisions of the legislation. In fact, the former Deputy Director General of the department recommended that PNF be taken out of the Native Vegetation legislation and treated under its own legislation and regulations.
7. Regulation that is too difficult for forest owners to deal with, lacks real incentives for proper management or imposes significant compliance costs is more likely to act as a disincentive to proper forest management. It may potentially result in one or more of the following:
- Large areas of private native forest being removed from sustainable multiple use management, with a resultant lack of management in important activities such as fire control, forest health, weed control and feral animal management.
 - Forest owners undertaking “panic” logging activities prior to the introduction of new regulations to avoid difficult and costly compliance provisions.
 - Forest owners flouting the new regulations rather than seeking compliance.
 - The loss of opportunities to conserve important areas of private native forest through the provision of incentives.

Managing (and minimising) the Impact of Native Vegetation Regulations on Forest Owners and the PNF Industry

8. The current NSW Native Legislation Bill becomes law at the end of May 2004. Transition provisions will be put in place whilst regulations are drawn up, including a regulation for PNF. A working party has been established to consider that regulation. In order to manage and minimise the impact on forest owners and the PNF industry, it is the opinion of the FPA (and indeed most in the PNF industry) that the regulation for PNF must be underpinned by the following:
- Continued consultation with the PNF industry to ensure that the regulation is workable and particularly that the compliance provisions can be understood and managed by private forest owners.
 - The development of a regulation that does not impose a significant cost burden for compliance on the forest owner. This can be achieved through strategies such as the development of simple planning proformas and the provision of essential information by DIPNR to assist in the planning process.

This may by necessity require more staff resources being allocated to DIPNR.

- In considering the environmental and biodiversity benefits of native vegetation regulation, equal emphasis must be given to the important and positive socio-economic benefits of PNF, both to the forest owner and to the broader regional and State community.
 - The implementation of a realistic consent time frame that will act as an incentive, rather than a disincentive, to forest owners to continue sustainable forest management in compliance with the regulation.
 - The implementation of effective incentives, both financial and otherwise, that will encourage those forest owners that wish to continue to sustainably manage their forests for multiple uses, as well as those forest owners that want to set aside areas for conservation.
9. Further to the compliance cost issue, under the existing native vegetation legislation in NSW, forest owners are obliged to consider the impact of the activity on the environment if operating under the PNF exemption and some costs may be incurred in adequately addressing that consideration. However under the consent process (namely for operations on State Protected Land), the process is managed by DIPNR at no cost to the forest owner. Under the new legislation to be introduced in May, there will be no exemption. It is therefore absolutely essential that if the new regulation is to act as an incentive to better manage native forests, the cost of compliance must be minimised.
10. The potential impact that “covenants” attached to the registration of Property Vegetation Plans may have on property values and the potential sale of properties must be considered.

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