

Boral Timber Submission to the Second and Third five-yearly reviews NSW Regional Forest Agreements

Introduction

Boral Timber welcomes the opportunity to make comment on “A report on progress with implementation of the New South Wales Regional Forest Agreements - Second and third five-yearly reviews July 2004- June 2014” published November 2017. As a major stakeholder in the Forestry sector of NSW, Boral wish to make comment on the latest review of the two RFA regions that are relevant to Boral’s current business activities, these being the North East (NE), and Southern Regions(S) of NSW. This review is subject to activities that occurred between 2004 and 2014 as stated by the above report.

Background on Boral Timber

Boral Timber is part of Boral, the ASX100 building products and construction materials company. Boral employs around 16,600 people across its operations in Australia and 16 overseas countries and generates around \$5.8 billion in revenue. Boral Timber provides a full range of high quality timber products in both the hardwood and softwood segments, employing around 350 people across Australia. Boral Timber conducts all of its manufacturing operations in NSW where it has been part of the hardwood industry for over 100 years. In NSW alone Boral Timber employs more than 300 people across nine sites, nearly all of them in rural areas. In addition Boral Timber is a 50% owner of in Highland Pine Products which at its Oberon site employs over 200 people. We estimate that in addition to these direct employees, Boral Timber and Highland Pine Products provide employment for around 1,500 people as contractors and suppliers.

In a normal operating year Boral Timber processors close to 175,000 m³ of hardwood logs, with Highland Pine Products processing in excess of 600,000m³ of softwood sawlogs.

Boral Timber has had a long history of large capital investment projects in its hardwood business with more than \$85 million invested over the past 10 years. Much of this has been focused on adding value to what Boral believes is a scarce natural resource. These investments include the constant improvement in the drying, scanning and processing equipment at Boral's Kyogle flooring plant. The result being that this plant is the largest hardwood flooring plant in the Southern Hemisphere able to process the equivalent of 550m³ of hardwood logs per day. In addition Boral has constructed an engineered flooring plant producing a range of engineered flooring solutions.

Milestones and Commitments

It is pleasing to note that the majority of commitments and milestones set out in the various RFA agreements have been achieved albeit not always within the agreed timeframe. Table 49 in Appendix A acknowledge the achievement within the North East and Southern RFAs areas, of the 265 milestones set, 197 (74%) were completed, 43 (16%) were still to be complete but after the due date and only one (0.3%) was not completed. These results demonstrate that the RFA is providing a workable framework by which a quantitate measure of deliverables can deliver a sustainable forest management. With the majority of the Milestones and Commitments being of an environmental nature, a 99% achievement rate should provide comfort that environmental outcomes within the RFA areas are being met.

Impact on Forest Based Industries

One of the three guiding principles of the RFA agreements is “to provide long-term stability for the forests and forest based industries”. Unfortunately the RFA process has not met this objective. As a direct result of the RFAs and public land use decisions since the early 1990s, over 13.6 million hectares have been added to Australia's forest conservation reserve system. The area of native forests in conservation reserves has almost trebled since 1990, from 6 per cent to 16 per cent of all native forests. As a result, industry development has been constrained by resource reductions that were not in accordance with the RFAs, which has undermined the certainty to industry that the RFAs are intended to provide. Consequently, since 1996, the number of hardwood sawmills in Australia has fallen from more than 800 to around 200.

The RFAs state that “The Parties intend that this agreement will enhance opportunities for further growth and development of forest-based industries in the (RFA Regions)”. The review states this milestone has been partial completed and further information is referred to in “Appendix C - Forest based industries’ contribution to regional and state industries – The wood processing industry “, which gives a brief description of the contribution to regional wood processing industries within NSW. However there is no data or detail to provide real evidence that the industry has expanded and developed during the review period.

Boral are concerned that the focus on environmental outcomes are given a higher priority than the socio-economic impacts. Considering the agreement is designed to cater for both the review efforts in assessing socio-economic impacts has been minimal.

Review Completion Dates

The completion of both of these reviews has been considerably delayed as was the case with the first review. Delays in completing the reviews reduce public and industry confidence in the process and fail to give the opportunity for corrective actions to be implemented in a timely way. Future RFAs need to address the root cause behind the review delays and ensure future reviews are structured in a way that can be completed and released to the public in a way that meets agreed timelines.

Landscape Level Monitoring

It is clear that the RFA process had a bias to ensure commitments were achieved on the production forest estate. There appears to be an underlying view that reservation of areas will always provide the best biodiversity outcomes. As a result there has been minimal monitoring undertaken to see if these very large areas of reservation have achieved the desired results.

Boral Timber would encourage improvements to the consistency of monitoring diversity across the landscape including performance monitoring across different land tenures of the RFA's. This would include the reviewing of the CAR system and its outcomes. Boral Timber believes the RFA policy and its determined outcomes should provide a coordinated framework across all land tenures to collectively manage the forest estate towards meeting the three guiding principles of the RFAs.

Summary

Boral Timber welcomes the NSW and Federal Governments' commitment to the continuation of the state's RFAs. The recent reviews have highlighted that on a granular level the RFA's have delivered on the milestones and commitments. However it is also clear that the RFAs have failed in meeting one of the three main objectives "to provide long-term stability for the forests and forest based industries". During the term of the RFA's Boral has seen a reduction in High Quality log supply of 36% over the various WSA held by Boral Timber. While the majority of these reductions have been as direct result of the State Government's decisions to reserve more Forests, there has been no systematic monitoring of biodiversity on a landscape level and therefore no way of knowing whether these reservations have been successful.

Future RFAs need to ensure that regular reviews not only cover all land tenures but can be completed within the desired timeframes.

Keith Davidson



Boral Timber