

Tracy Mackey
Chief Executive Officer
NSW Environment Protection Authority

By email: tracy.mackey@epa.nsw.gov.au

7 September 2020

Dear Ms Mackey,

RE: Continuing operations under the Coastal Integrated Forestry Operations Approvals (CIFOA)

Forestry is an engine industry in regional NSW. Under normal conditions forestry and related industries contribute around \$2.8 billion a year to the NSW economy and employ more than 22,400 people, substantially in regional areas. The hardwood sector contributes close to \$600 million to this value and in excess of 10,000 jobs.

The 2019-20 bushfire season was unprecedented, causing significant damage to our production forests and to regional economies. In NSW, the bushfires affected around 57,000 hectares of public softwood plantations, 5,500 hectares of public hardwood plantations and 890,000 hectares of native State Forests. Post-fire mapping shows that fire severity varied significantly across the State and many hardwood forests have recovered well in the period since.

The forestry industry, both hardwood and softwood, was one of the sectors most highly impacted by the bushfires. There are significant consequences for ongoing timber supply and employment right across the supply chain which is of utmost importance to the Department of Regional NSW (DRNSW), as the central agency for regional issues and building strong and resilient regional communities.

To date Forestry Corporation of NSW (FCNSW) has complied with the EPA's request of 13 December 2019 that forestry operations not occur in forest burnt since August 2019 until we have agreed on additional environmental controls. Since then FCNSW has been working collaboratively with the EPA to develop Site Specific Operating Conditions (SSOC) for harvesting in coastal hardwood forests that were affected by fire. The EPA has issued SSOC for 26 sites enabling harvesting to proceed with additional environmental risk mitigation measures and securing localised timber supply and jobs for the period of harvesting. Following the fires, FCNSW also took proactive steps to reduce the intensity of native forest operations in areas not affected by fire and increased operations in hardwood plantations.

All involved in this process have acknowledged that developing and operating under the SSOC is challenging and time consuming and is providing neither a landscape approach to environmental protections as envisaged by the CIFOA, nor sufficient harvesting sites to meet industry requirements.

The restricted timber supply means significant impacts on the hardwood industry are now imminent, with only a few weeks remaining before job losses are expected. It is expected that 155 direct jobs are at risk of being lost over the next few months in the south coast and Eden regions. By the end of 2020, a further 460 direct hardwood industry jobs will be under threat on the north coast. The impact is expected to be two to three times greater accounting for indirect employment.

FCNSW and the State of NSW are signatories to the majority of long-term hardwood supply contracts in coastal NSW. The Force Majeure provisions in those contracts have been enacted across all hardwood coastal supply areas. However, when FCNSW is able to operate under and comply with the CIFOA it is legally obliged to do so in order to meet supply commitments.

There has now been substantial recovery post-fire in many coastal State forests. The key challenges that led to FCNSW seeking SSOC under the CIFOA have now largely dissipated. Forest ground cover has regenerated sufficiently to manage soil and water risks and overhead tree hazards have now stabilised enabling survey and mark-up to be safely undertaken. For that reason FCNSW intends to return to harvesting in September 2020, under the standard requirements of the CIFOA in fire-affected forests where SSOC have not yet been issued. This transition will occur progressively over the next few months.

FCNSW has completed an initial assessment of the severity of fire impacts and an analysis of soil and water, threatened species and habitat considerations. This assessment demonstrates that the robust environmental protection measures contained in the CIFOA remain adequate in the post-fire landscape. This assessment is attached for your information. It is also relevant to note the very small scale of harvesting each year, which comprises only 1.5 percent of our native State forests and less than half a percent of our total public forest estate.

The concurrent economic impacts of COVID-19 mean that it is incumbent on FCNSW and DRNSW, from both a contractual perspective and to support a key industry in regional NSW, to take every action to reinstate timber supply to the minimum contractual levels by operating within the CIFOA, as conditions in the forests recover. This does not of course, apply to those areas where SSOC are presently in force. Those conditions will be complied with unless or until they are amended, revoked or expire.

FCNSW and DRNSW are confident that precautionary principles built into the NSW regulatory system will ensure the continued sustainable delivery of both timber and biodiversity conservation in native State forests. We understand the EPA is looking to introduce conditions for future emergency situations (such as bushfires and floods). FCNSW is willing to discuss these conditions noting that the NSW Government remains committed to meeting minimum timber supply commitments to the industry.

FCNSW looks forward to working collaboratively with the EPA on regulatory matters and continuous improvements aimed at ensuring sustainable timber supply and better environmental outcomes.

Yours sincerely



Gary Barnes
Secretary
Department of Regional NSW



Anshul Chaudhary
A/Chief Executive Officer
Forestry Corporation of NSW