

FOREST PRODUCTS AMENDMENT BILL 2020

Introduction and First Reading

Bill introduced, on motion by **Hon Diane Evers**, and read a first time.

Second Reading

HON DIANE EVERS (South West) [10.07 am]: I move —

That the bill be now read a second time.

The Forest Products Amendment Bill 2020 amends the Forest Products Act 2000 to abolish the Forest Products Commission and reform the system of administration of our public forests and forest industries. Western Australia has a long history of debate around the best use of state forests. Many of my constituents in the South West Region remember the forest campaigns of the 1990s and the roles they carried out on both sides of the debate at that time and over the intervening years. The state's last major reform is now over two decades old, and still the action continues here in Parliament, in regional communities and, importantly, in the forests. We have seen that the reforms brought about through the Forest Products Act have failed to achieve the goals of either the forest industry or the forest campaigners. We all want a system in which native forests can thrive and deliver additional value through sustainable industry. We all want forest management that is in the public interest. To date, management has left much of the forest as a shadow of its pre-European condition. Attempts to preserve pockets of old-growth forests are severely hampered by an illogical methodology that allows the continued logging of very old karri trees, 85 per cent of which are exported as woodchips.

Forest management must address the urgent challenges of climate change and biodiversity loss. It must consider the economic opportunities associated with a thriving, healthy forest. There are many new and emerging opportunities, such as ecotourism, honey and bee production, and carbon credits. For example, the bee and honey industry has extensive development potential and greater employment prospects than logging, and honey provides a significantly higher financial return from our forests over the life of the trees than logging. Jarrah and marri honeys from monofloral honey production are highly sought after. They provide significant revenue because of the honey's unique flavour, texture and medicinal properties. Western Australian honey is sourced primarily from government-managed land, with over 75 per cent of the state's honey production coming from state forest, national parks and nature reserves. The value to WA's economy of beekeeping has been estimated at \$1.2 billion per annum from pollination and \$30 million to \$50 million per annum from honey and associated products. The Bee Industry Council of Western Australia has estimated that the industry will be worth between \$5 billion and \$7 billion per annum in 10 years' time. These figures dwarf the narrowly defined profits derived from logging native forests. Honey can be collected year after year, whereas the felling of a tree can be done only once, and when the forest has been cleared, it may take up to 40 years before the trees are producing the original volumes of nectar.

Forests are vital in reversing climate change. Forests not only assist in creating rainfall, but also draw down vast amounts of carbon and should be valued for carbon credits. The potential financial gain from carbon credits far outweighs the minimal profits that we currently scratch from logging native forests. Australian National University modelling from 2012 showed that WA could attract between \$16 million and \$436 million per annum by generating 1.8 million to 2.9 million carbon credits. This figure is still relevant, and much of this could be achieved through carbon sequestration in forests. ANU research shows that the logging of native forest actually makes a significant net contribution to carbon emissions. Mature forests lock up considerable amounts of carbon, despite the fact that young trees grow faster. Stopping the logging of native forest would enhance carbon sequestration by the mature, unlogged forests locking up carbon that would otherwise be released into the atmosphere. Research shows that old-growth and high-conservation-value forests can have 50 per cent more biomass than younger mature stands. Younger stands regenerated after logging have even lower percentages of biomass. Research published in 2017 by Wardell-Johnson et al shows that Western Australian forests are not adequately recovering after disturbance.

We also need to take better account of the water value that forests provide. Water is essential for ecosystem health. An example of the value of water can be demonstrated by the loss in yield of water due to bauxite mining, which has been calculated by Alcoa to be as much as 50 millimetres per annum in revegetated landscape. It is interesting to note that the reduction is greater in areas in which a larger percentage of land has been mined. Extrapolating this average over the area impacted by mining equates to 37 to 50 gigalitres per annum. The cost of creating this amount of water through desalination would be between \$90 million and \$125 million each year, whereas the state received one-off royalties from Alcoa in 2018–19 of just over \$100 million. We must take into account the value of water generated by having healthy, intact, biodiverse forest cover.

Good forest management can deliver much to our regional communities and the entire state, and without destroying the forests in the process. The bill introduces a structure for a new system of forest management and provides

a suite of reforms that will modernise government management of forests and forestry. I recognise the long history of forest issues and I pay sincere tribute to the extensive line-up of forest campaigners who have worked hard to protect our forests. This bill represents a step towards a better system for all. There are many avenues for the preservation and restoration of our forests and many opportunities for employment and industry, but the harvesting of native timber for profit is no longer one of them. In fact, there has been little or no profit from our native forest timber for some time. The bill expands the concept of forest products to allow for a broader understanding of benefits derived from intact forests, from ecotourism to bee and honey production, private plantations and carbon farming. The south west and the rest of the state deserve a system of forest management that is capable of harnessing the entire value of our native forests through truly sustainable industries.

The bill reforms the existing system of forest management by removing the Forest Products Commission, which has not been able to deliver on its objectives and functions as set out in the original act. The Forest Products Commission effectively had four primary roles, and it failed miserably on every one of them. The Forest Products Commission was expected to manage our native forest, develop the plantation industry, manage the sandalwood industry and generate profits to the state. On all four counts it failed. A primary role of the FPC was to manage our native forests, yet all we have seen is degradation. We have witnessed a continued reduction in the size of trees, as the forest has had no chance to recover, and some mills have continued to fail to add value to the timber, even as FPC has struggled to fulfil contracts. Additionally, from what I have seen, there has been continued mismanagement in the industry and valuable timber has been left on the forest floor and pushed up to be burned in situ. There have been breaches of contracts, with valuable sawlogs exported whole or sold as charcoal and firewood. The current monitoring regime is inadequate. Too often it has been left to dedicated environmentalists to raise the alarm when inappropriate actions have been taken by FPC or their contractors, and the repercussions or penalties have been terribly inadequate. There has been a total failure to manage the resource, as log size has diminished and high-conservation-value forests have been pursued and stripped of their best remaining trees.

Another major role of the Forest Products Commission was to develop the plantation industry. It failed again. Through state agreements with two major customers and a purchase price that was set well above market prices in both WA and the eastern states, the FPC managed to destroy WA's market for pine on private property. As recently as 2012, the Wespine contract was not only rolled out but also increased from 400 000 cubic metres to 600 000 cubic metres, which effectively created a situation in which very little plantation pine was available for the small local mills, thus driving some of them out of business. In some cases, the Forest Products Commission underpaid the contracted amounts to owners of sharefarm plantations, only coming up with more payments when sharefarmers came forward to state their cases. In addition, after contracts were agreed with sharefarmers, the FPC took it upon itself to change the terms and payment calculations to suit its own financial considerations. The FPC has pushed increasing costs on to farmers, making plantation timber an unattractive industry for farmers. Clearly, the FPC is incapable of managing this industry. Western Australia is in the sorry state of not having enough pine plantations to meet the needs of the state on an ongoing basis. The intention was to facilitate a sustainable plantation industry; instead, the state has been left having to fulfil contracts for timber for one buyer while other small mills miss out. That has effectively been propping up an unsustainable monopoly—unsustainable because if a landowner cannot expect a profitable return for their investment, there will be no further pine plantations.

The Forest Products Commission managed the sandalwood industry for its own profit and without regard for Indigenous native title holders or private sandalwood plantation development, with a significant majority of sandalwood harvest allocation going to the FPC. This is certainly a case of the regulator and profit-making activities overlapping to the detriment of the industry and private citizens. In 2018, the Conservation and Land Management Regulations were changed for the harvest of sandalwood plantations, effectively making it nearly impossible for landowners to make a profit out of plantation sandalwood. At the same time, it is interesting to acknowledge that the FPC owns 6 000 hectares of sandalwood plantations. That is clearly a conflict, as the regulator is making a profit out of the regulations. Questionable limitations have also been placed on native title holders for the harvesting of wild sandalwood from crown land. I have been informed, through questions in this house, that the commission's engagement with native title holders is being further considered, and I look forward to serious improvement in this regard. The actions of the Forest Products Commission with sandalwood has resulted in the FPC being able to show a profit that effectively offsets the financial loss from the logging of native forest.

This brings us to the fourth responsibility of the Forest Products Commission; that is, to return a profit to the state. Despite having significant access to one of the finest timbers in the world, the FPC struck out on this aspect as well. It has been propped up by a government-controlled market in sandalwood as its strongest link in trying to turn a profit, but even this could not truly offset the losses from logging native forests. The Forest Products Commission's annual reports from 2013–14 through to 2018–19 show an accumulated loss of \$5.4 million for native forest harvest, averaging a \$900 000 gross loss each year. This is not even taking into account the \$134 million loss written off in the 2018–19 annual report and applied against the previous year's financials for a change in accounting policy. This single accounting entry effectively negates all profits shown in previous years from asset value increases based on accounting revaluations.

The Forest Products Commission’s own efficiency indicators in its annual report show the cost per dollar generated in the native forest segment for 2018–19 is \$1.05, after changing the valuation method, and for 2017–18, prior to changes, it showed a cost of 99¢. Think about that—in 2018–19, for every dollar generated in logging native forests, it cost the state \$1.05. The commission will tell us there are other economic benefits of the native forest industry, but what is excluded is the additional jobs to be gained in other industries by not logging. What is not mentioned is the additional costs of road construction and repair due to heavy vehicle traffic. What is not mentioned are the additional losses of amenity through small towns with frequent truck movements, and the tourists who avoid areas where logging operations have been undertaken. It does not mention the costs to our environment, our reduced water supply and the severe pressure put on our biodiversity caused by the damage to our forests. Due to these consistent failures to manage the forest, I find the word “management” does not work. The forest management plan, which comes to an end in 2023, must be replaced with a forest conservation plan to promote the expansion, regeneration, restoration and protection of state forests.

The functions and roles under the new structure: This bill puts the functions of looking after our native forests back in the hands of the department with responsibility for the Conservation and Land Management Act 1984. Currently, this is the Department of Biodiversity, Conservation and Attractions. Newly revised forest management principles are set out in this bill and are solely focused on the promotion of the ecological health of our state forests through compliance with principles of ecologically sustainable forest management. No longer will a financial profit be expected nor desired, and as part of this bill, any revenue received will be directed to the account established under the original act and, subsequent to this bill, used to further the expansion, regeneration, restoration and protection of state forests. This bill recognises the value in our native forests and incorporates the existing management framework in the Conservation and Land Management Act 1984 with a refocused approach to research, conservation and expansion of state forest.

A key reform that needs to be dealt with is the definition of “forest products”. It has been a problem in the act for years, particularly with recent developments in new forest-based industries such as carbon farming and honey. The current definition reflects an outdated notion of the value of our forests that only the wood can be counted. This bill updates the definition to include matters provided for in regulations, which will enable a more flexible and adaptable conception of the productive capacities of forests. Importantly, the bill expressly excludes native vegetation that has not been grown in plantations for the purposes of harvest. This bill heralds the end to native forest logging and the beginning of sustainable and innovative uses of state forests, while strengthening forest resilience and expansion across the landscape. This reflects the state of current scientific knowledge. As Professor Jamie Kirkpatrick of the University of Tasmania notes, even a weak application of the precautionary principle would mean the end of logging of native forests in Western Australia. The proposed new definition of “forest products” in this bill restricts the sale of native vegetation to that which may be incidental to, or in aid of, the management of the forest following intensive study and peer-reviewed research on appropriate management. Any proceeds derived from these activities would be channelled back to the functions of expansion, regeneration, restoration and protection of state forests.

Following the proposed amendments in this bill, the Department of Biodiversity, Conservation and Attractions will manage state forests based on principles of ecologically sustainable forest management. Thorough research of past practices and study of possible techniques must be undertaken and peer reviewed to determine appropriate care of the forest to achieve the aim of ecologically sustainable forests. Our forests are intact, functioning ecosystems that provide so much more than necessary services to our planet and landscape, including carbon drawdown, oxygen production, increased rainfall, and habitat for world-renowned flora and fauna. Our forests also provide a crucial feed source for a bee and honey industry, with extensive opportunity for economic growth through honey production and, as dependency increases worldwide, for pollination services. Our forests provide unlimited possibilities to expand our ecotourism industry, and recreation possibilities to facilitate a healthy population. Conservation of our forests provides valuable career paths for Indigenous and young people in our region to take up the crucial role of understanding the twenty-first century idea of “forester” or “forest steward”—a role in which efforts to understand, share knowledge, and conserve and protect the forest are acknowledged, valued and rewarded.

Under the new system proposed in this bill, it is considered there would be a greater role for the Department of Primary Industries and Regional Development in relation to private plantations. This does not require specific new legislative systems—indeed, the statutory framework surrounding the Forest Products Commission may have been an element of its difficulties. However, if further legislation is considered appropriate, this aspect could be refined once the initial transition is made. Perhaps a comprehensive review into the best mechanism for capitalising on the vast potential of a modern private plantation industry would be useful. The review should be a collaborative effort involving landowners, industry representatives, environmentalists, Indigenous representatives and the government. The aim would be to develop a safe, secure and sustainable plantation industry providing a return to the landowner, the mill owners, and a supply of timber to meet the demand of the Western Australian community. The Department of

Primary Industries and Regional Development would facilitate and assist with the research of plantations for on-farm integration to further the rapid understanding and uptake of regenerative and restorative landscape-scale activities.

To address the third failure of the FPC, and following its very poor performance at managing native forests and its inability to develop a plantation industry, the harvesting of wild sandalwood on state land would now end. Plantation sandalwood is available, and the harvest of wild sandalwood on native title land would need deliberation to ensure equity and income to Indigenous land managers, without harm to the environment.

The fourth failure of the Forest Products Commission—that is, to return a profit—is over, absolutely and categorically. Our native forests cannot be managed to make a profit. The days of logging native forests for commercial gain are over. There is no gain to be made, and the continued destruction only serves to exacerbate climate impacts affecting the entire south west. The ongoing practices of logging our native forests have failed. We need more forests, not fewer. We need restorative, regenerative, sustainable practices. A healthy, mature forest is a vast carbon sink that balances other human activities on the planet. New regrowth does not even touch the surface in terms of capacity to draw down further carbon. There is no money to be made from continuing to log our native forests.

In addition to the changes this bill would introduce, there are other aspects of our forest resources that need to be addressed. These include, but are not limited to, clearing applications on private land; carbon credits; conservation impacts on private landholders; retaining forest and bush on private land and other aspects of our forest resources that can encourage and support reforestation; and retention or restoration of forests on private land. Our current system puts the entire burden on landowners, when privately owned forests are supplying such great benefit to our society.

This bill includes a new power for the minister to prohibit specific forestry activities, empowering the government to act in the public interest when issues with regard to native forest might arise.

Transition and administrative points: This bill recognises that there will be a transition period for the industry as we quickly adapt to an industry based on plantation timber. In the short term, there will continue to be trees felled on lands to be mined by Alcoa under its state agreement act. Other activities where minor clearing occurs may also provide timber for mills, as well as plantation timber, which will increase in value as we transition away from native forests. Current timber contracts are to be wound up as soon as practicable, noting their existing end dates are 2023 with the expiry of the current forest management plan.

Understanding that just 15 per cent of karri and jarrah is currently milled into timber, there can easily be a very extensive drop in logging with limited effect on the mills producing sawn timber. The reduction in sawlogs would encourage greater effort to extract more useable sawn timber. There is no justification for the export of karri woodchips, and the charcoal that feeds Simcoa's smelters can be replaced with hydrogen from renewable energy sources.

The Department of Biodiversity, Conservation and Attractions will manage the harvest of pine on state-managed lands and work with the Department of Primary Industries and Regional Development in determining whether to replant pine or regenerate forests on state land. The Department of Primary Industries and Regional Development will work with private landowners to rapidly increase our pine plantation resources as well as work with the smaller hardwood plantation industry to develop and expand this resource. In terms of necessary transitional arrangements, this bill takes into account the need to transfer existing contracts, agreements, assets, liabilities, rights and obligations when the Forest Products Commission is wound up.

Our forests are a valuable and irreplaceable source of environmental, economic and social benefits. By removing flawed and unsuccessful legislative instruments such as the Forest Products Commission and by redefining forest products, we can begin to reverse the damage and restore the potential of this unique public asset. The forest deserves the right to thrive and flourish, as Western Australians deserve to have healthy, productive, resilient forests. This bill is an urgent call to end the continued maltreatment of the forest by putting an end to logging, to act quickly to address the damage from decades of abuse, and to support forest activities for the future of the state and its people.

Pursuant to standing order 126(1), I advise that this bill is not a uniform legislation bill. It does not ratify or give effect to an intergovernmental agreement or multilateral agreement to which the government or state is a party; nor does this bill, by reason of its subject matter, introduce a uniform scheme or uniform laws throughout the commonwealth.

I commend the bill to the house and table the explanatory memorandum.

[See paper [4093](#).]

Debate adjourned, pursuant to standing orders.