

NORTH EAST FOREST ALLIANCE BRIEFING NOTE: EXTENDING WOOD SUPPLY AGREEMENTS TO LOCK IN LOGGING OF PUBLIC NATIVE FORESTS

Wood Supply Agreements are legal commitments to sawmills to supply specified volumes of timber from NSW's public forests every year. They are provided free of charge, but the mills can on-sell them and the Government pays compensation if the volumes are not supplied.

CURRENT ISSUE

Conservation groups have welcomed the NSW Government's intent to create the Great Koala National Park, though have ongoing campaigns to protect public native forests, from [Big Spotty](#) and the [Great Southern Forest Proposal](#) on the south coast, the [surveys for Greater Glider dens](#) on the tablelands, to the [Richmond River Koala Parks](#) and protecting all public forests on the north coast for [30by30](#).

The Australian Workers Union is attempting to frustrate further protection of public native forests by backing the sawmill owner's calls for the NSW Government to extend their Wood Supply Agreements (WSAs) past the December 2028 expiry date to lock in logging of timber from public native forests for at least another decade.

If WSAs are extended, should this or any future Government decide to heed the growing public pressure to reduce logging (i.e. to better protect Greater Gliders or other threatened species) or protect public forests, they will need to pay the sawmill owners millions in compensation. It is also apparent that because of the over-estimates and over-allocations of timber that significant compensation is already owed to sawmill owners for failure to honour existing WSAs, and this debt will increase if WSAs are further extended.

OUTCOME SOUGHT

Current WSAs for north-east NSW do not expire until December 2028, so there is no urgency to extend WSAs at this time. Conservation groups are requesting no extension of WSAs, at least until there is:

1. Due consideration of merits of the various conservation proposals, and economic benefits of protecting public native forests for carbon sequestration and storage, recovering threatened species, recreation and tourism, and increasing water yields.
2. A thorough independent appraisal of potentially available timber resources that accounts for recent major downturns and impacts of the 2019/20 wildfires.
3. The overdue 5 year review of actual yields compared to predicted yields.
4. Identification of increases in timber charges needed to cover costs.
5. The overdue 5 year reviews of the Regional Forest Agreement and Coastal Integrated Forestry Operations Approval, including needed increases in protections for threatened species and ecosystems taking into account the impacts of the 2019/20 wildfires and climate heating.
6. An appraisal, after July 2027, of the impacts of applying the new Commonwealth National Environmental Standards, given the likelihood of increased environmental protection and reduced timber.

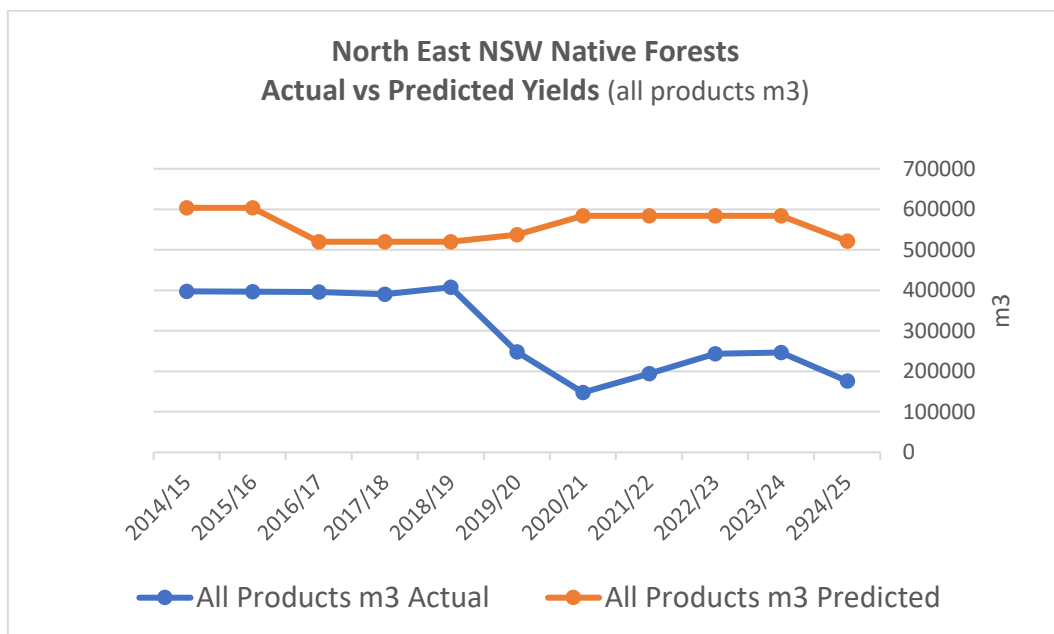
BACKGROUND

North East Forest Alliance have recently completed a review of WSAs in north-east NSW, [The Folly of North East NSW Wood Supply Agreements](#).

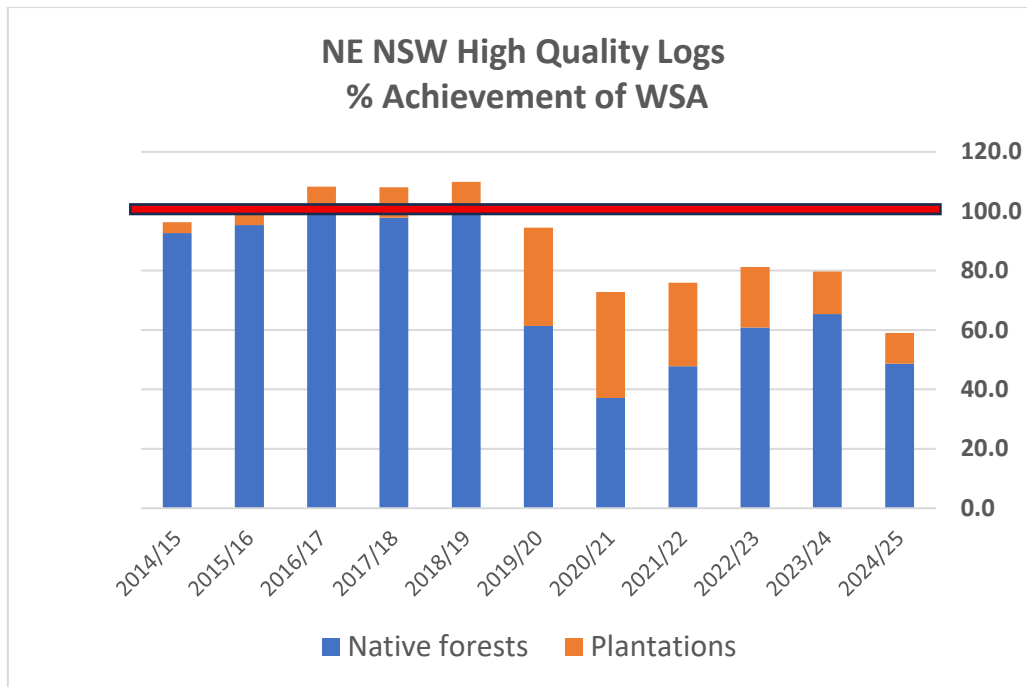
Since WSAs were implemented in 1998 they have been a monumental failure, facilitating;

- ongoing declines in timber yields due to over-estimates and over-cutting
- declines in employment due to mill amalgamations and declining yields
- government payouts of millions in compensation due to failure to honour WSAs
- subsidised logging because of failure to require costs recovery
- failure to pay a resource rent for use of public resources
- greatly increased environmental impacts due to reductions in environmental constraints to meet WSA commitments

Since the 2019/20 wildfires, yields from north-east NSW native State forests have plummeted. Over the past five years Forestry Corporation have only been able to provide 35% of their predicted sustainable yields of all products, including 54.7% of predicted yields of high quality logs. To increase yields of high quality logs they have been prematurely logging plantations at 2.3 times the identified sustainable rate.



Even with the premature logging of plantations, Forestry Corporation have not been able to fulfil WSA commitments, last year providing just 59% of WSAs for high quality logs and 55% for low quality logs. Over the past 5 years there has been a WSA shortfall of 430,000 m³ of these products, exposing taxpayers to many millions of dollars in compensation.



Forestry Corporation lost \$32 million on their hardwood operations last financial year. As identified by IPART since 2017, part of the problem is selling native timber to sawmills for a delivery charge below the cost of harvesting and hauling that timber alone. Successive Governments have ignored IPART’s recommendations to increase charges to recover costs.

It is apparent that logging public native forests is not financially viable. The community receives no resource rent for logging of public lands, while bearing the costs of reduced carbon storage, reduced wildlife habitat, reduced stream flows, diminished recreational values and increased fire threat. Other problems are the unaccounted legacy costs of rehabilitating areas affected by increased erosion, weeds and dieback.

By 2022 it was evident that Forestry Corporation was having significant problems supplying WSAs, despite prematurely logging hardwood plantations and focusing native forest logging on areas with easier terrain and higher yields.

Given this, it was grossly irresponsible that in June 2022 the Coalition Government extended WSAs due to expire in 2023 for an additional 5 years to 2028 with the volumes and main terms unchanged, entrenching over-cutting and under-pricing, while gifting significant volumes of non-existent timber to mills knowing that compensation would be required if they could not be supplied.

Let’s not repeat the mistakes of the past.

It is in the public’s best economic and environmental interests to complete the transition to plantations, while protecting public native forests to sequester and store carbon out of harms’ way, restore habitat to recover populations of threatened species, enhance recreation opportunities, increase tourism, increase dry season stream flows for potable water and downstream uses, reduce peak flows and sedimentation during floods, and make forests more resistant and resilient to wildfires.