

Joint Australian and New South Wales Government response to the

**Independent review of the report on progress with the
implementation of the New South Wales Regional Forest
Agreements for the second and third five-yearly reviews 2004-2014**

August 2018

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Preface

The Commonwealth of Australia and the State of New South Wales (the Parties) entered into the three Regional Forest Agreements (RFAs) for NSW between 1999 and 2001;

- the Eden RFA was signed on 26 August 1999
- the North East RFA was signed on 31 March 2000
- the Southern RFA was signed on 24 April 2001.

The NSW RFAs are plans that seek to balance the environmental, social and economic values of forests in NSW. They establish a bilateral framework for the sustainable management of NSW's forests for a variety of values and uses, a forest reserve system which is Comprehensive, Adequate and Representative (CAR) and the development of sustainable native forest-based industries including wood and wood products industries.

The NSW RFAs were developed as part of a series of RFAs between the Commonwealth of Australia and the governments of New South Wales, Tasmania, Victoria and Western Australia. While individual RFAs have their own unique elements, they were all developed in accordance with the goals in the *National Forest Policy Statement*¹.

An important element of the NSW RFAs is their requirements for regular five-yearly performance reviews. The details of the NSW RFA review process are outlined in each RFA and a scoping agreement, and include:

- evaluating the extent to which milestones and obligations have been met
- assessing the results of monitoring the sustainability indicators
- inviting public comment on the performance of the RFAs.

An implementation report, *A report on progress with implementation of the New South Wales Regional Forest Agreements: Second and third five-yearly reviews July 2004 – June 2014*², was jointly prepared by the Parties for the second and third five-yearly review periods. The implementation report outlines actions taken by the NSW and Australian governments to implement the commitments in the NSW RFAs. It also provides an update on the Australian and NSW governments' responses to the recommendations from the first five-yearly review and a review of sustainability indicators. The Parties invited public comment on the report from 18 December 2017 until 23 February 2018. During the public comment period 5425 submissions were received.

The Parties appointed an Independent Reviewer, Mr Ewan Waller of Victoria, to review the implementation report and the public submissions received, and to prepare a report. The Independent Reviewer provided the *Independent review of the report on progress with the implementation of the New South Wales Regional Forest Agreements for the second and third five-yearly reviews 2004-2014*³ to the Ministers of the Parties. This report was tabled in the Australian Parliament on 25 June 2018.

This Joint Australian and New South Wales Government response is the formal response by the Parties to the 16 recommendations in the Independent Reviewer's report, and concludes the combined second and third five-yearly review of the NSW RFAs.

¹ Commonwealth of Australia 1992, *National Forest Policy Statement*, <<http://www.agriculture.gov.au/forestry/policies/forest-policy-statement>>.

² New South Wales and Australian Governments 2017, *A report on progress with implementation of the New South Wales Regional Forest Agreements: Second and third five-yearly reviews July 2004 – June 2014*, <<https://www.epa.nsw.gov.au/-/media/epa/corporate-site/resources/forestagreements/17p0296-nsw-rfa-implementation-review-period-2-and-3-web.pdf?la=en&hash=BEF9F12E090F6CD65AF2FFB80ECDADCC5269E041>>.

³ Waller, E. 2018, *Independent review of the report on progress with the implementation of the New South Wales Regional Forest Agreements for the second and third five-yearly reviews 2004-2014*, <<http://www.agriculture.gov.au/forestry/policies/rfa/regions/new-south-wales#combined-second-and-third-fiveyearly-review-20042014>>.

Recommendation 1

The Parties recommit to supporting RFAs as the framework to manage forests in NSW. This commitment must include:

- adequate resourcing to meet commitments
- amending RFAs to retain relevance, to support adaptive management and to meet statutory changes
- fully complying with obligations of RFAs, including meeting review timelines.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

Both Parties remain committed to supporting the NSW RFAs as the overarching framework for implementing the NSW and Australian Government commitments made in the National Forest Policy Statement and for the delivery of ecologically sustainable forest management (ESFM). The NSW Government's commitment to the ongoing role for RFAs in NSW is reflected in the *NSW Forestry Industry Roadmap*,⁴ which sets out the NSW Government's vision and plan for ensuring the NSW forestry industry continues to support regional economies while maintaining key native forest values. The Australian Government committed to implement 20-year rolling RFAs as a key 2013 election commitment.

The Parties have taken steps to strengthen and improve the RFAs to ensure that they retain their relevance and purpose into the future. The Parties commit to timely updates of the NSW RFAs to ensure continual improvement and reflect forest management reforms when required. In general, the detail of the processes and framework for managing native forests in NSW are set out in the *NSW Forest Management Framework* (NSW Government, 2018). This document is where the majority of improvements and changes to the NSW forest management framework will be reflected.

The Parties are committed to their obligations under the three NSW RFAs and meeting future review timelines. The Parties will continue to evaluate the adequacy of resourcing to achieve their commitments under the RFAs and will use their best endeavours to communicate with stakeholders if there are delays in achieving review timelines.

Recommendation 2

The Parties ensure that the RFAs are appropriately amended to more strongly support strategic and adaptive management while also retaining their original principles and objectives.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

The Parties have amended the NSW RFAs to strengthen strategic and adaptive management practices, while also retaining their original principles and objectives. The Parties agree that the NSW RFAs need to respond to new challenges and reflect changes in forest management over time, and that this is integral to community understanding and confidence in ESFM in New South Wales.

Both Parties agree that the NSW RFAs need to be maintained as contemporary and relevant agreements that reflect the current legislative and policy settings. The Parties have developed amendments to the NSW RFAs to support their role as strategic documents that set the framework for appropriate and accountable forest management in NSW. These amendments will support strategic and adaptive management through streamlined reporting and review requirements, strengthened

⁴ NSW Government 2016, *NSW Forestry Industry Roadmap*, <https://www.dpi.nsw.gov.au/_data/assets/pdf_file/0005/711851/nsw-forestry-industry-roadmap.pdf>.

commitments to amending the NSW RFAs when required, and a process to ensure the timely delivery of reviews.

Recommendation 3

The Parties establish a formal coordination structure at the State and regional levels with authority to recommend on forest issues, provide coordinated advice to Ministers and government, coordinate shared services, research and community engagement, and to oversee the collection of reporting information.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

Both Parties recognise the importance of cross-agency coordination and collaboration in effectively managing forest issues across all tenures and landscape scales in NSW.

The Parties note that the NSW Government has a long-established Forest Policy Working Group (FPWG) chaired by the Department of Premier and Cabinet. This Group has cross-agency representation to advise on forestry matters in NSW, including the implementation of RFAs. The FPWG has authority to make recommendations on forest issues and provide coordinated advice to Ministers and the NSW Government.

The NSW Government agrees to consider ways to improve the coordination of State and regional forest management matters, including opportunities to strengthen and coordinate shared services, research and community engagement, and the collection of reporting information.

The Parties are committed to strengthening their coordination and communication about the delivery of ESFM through the RFAs framework. This shared undertaking is reflected in the renewed NSW RFAs, which require the Parties to hold an annual official-level, bi-lateral meeting in years between each five-yearly review to monitor the implementation of the NSW RFAs. The Parties also agree to maintain open communication about matters relating to the implementation of the NSW RFAs, including shared research priorities and raising and responding to issues as they arise.

Recommendation 4

NSW agencies commit to a coordinated process for stakeholder and community engagement, based on an agreed communication plan, to support RFA forest management activities.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

Both Parties remain committed to developing community understanding and support for ESFM and the regulatory mechanisms that support it, including RFAs. Both Parties recognise a goal of the National Forest Policy Statement is public awareness, education and involvement in forest management. The Parties recognise the importance of community involvement in forest management and will continue to provide opportunities for effective public participation in decision making processes. The Parties will seek to utilise best-practice stakeholder engagement processes and to communicate effectively with stakeholders about how their feedback has informed policy development.

The NSW Government agrees to establish and maintain coordinated forums for stakeholder engagement, and will guide the establishment and development of these forums through a communication plan. The forums will provide for broad stakeholder representation including environmental and industry groups, Local Aboriginal Land Councils, local government and other peak stakeholders.

NSW agencies will promote opportunities for members of the community to be involved in forest management, including ways to collaborate to engage community interest in the sustainability indicators, as set out in [recommendation 7](#). The NSW Government will continue to provide timely, accurate and

relevant information to members of the community through a strengthened commitment to five-yearly reporting, and by publishing information in annual reports and on agency websites.

The Parties recognise that responding to this recommendation aligns with objectives of the *NSW Forestry Industry Roadmap* (pillar 3), to improve community understanding and confidence in forest industry practices. It also aligns with the Office of Environment and Heritage's citizen science projects, which provide opportunities for members of the community to undertake scientific research in collaboration with professional scientists or scientific institutions. The NSW Government recognises future opportunities to expand the role of citizen science projects in supporting RFA forest management activities and research priorities.

Recommendation 5

The NSW Government to ensure agencies fully report on their resourcing for the implementation of the RFAs, with full transparency against budgets and audited achievement against objectives.

Joint Government Response

The Parties agree in part with the Reviewer's recommendation.

The NSW Government commits to improved transparency around resourcing, where feasible. The NSW Government also agrees to report against targeted programs that deliver specific commitments contained in the NSW RFAs.

Both Parties have ongoing commitments to implement the NSW RFAs and deliver ESFM. The NSW government agency budgets are not generally broken down into forest and non-forest related implementation. NSW government agencies undertake forest management across the landscape, within and outside RFA regions, and do not directly report on resourcing by RFA region.

Forestry Corporation of NSW, the land manager for State forests and other Crown-timber land in NSW, reports on forest management activities and resourcing, and financial statements are audited annually. Copies of Forestry Corporation annual reports are available on their website.⁵

Recommendation 6

The Parties commit to on-going analysis of the socioeconomic environment linked to the forest estate and fully evaluate the consequences of any change in forest use.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

Both Parties recognise the long-term environmental, social and economic values that forests provide. The Parties recognise that an informed understanding of the socioeconomic environment linked to the forest estate is integral to adaptive forest management and the delivery of ESFM in NSW. The Parties agree to make available analysis on socioeconomic values of forests, including analysis of impacts associated with significant changes in forest tenure.

The Parties commit to undertaking further on-going analysis to understand the socioeconomic environment associated with the forest estate. This work will include synthesising and analysing current information available on the socioeconomic status of state, regional and local communities in relation to forest-based industries, and the economic value of the ecological services that forests provide. The NSW Government will consider engaging an independent body to conduct further research to understand and evaluate flow-on effects from changes in land tenure and use.

⁵ Forestry Corporation of NSW, *Annual Reports*, <<http://www.forestrycorporation.com.au/about/pubs/corporate/annual-report>>.

The Parties note that the NSW Government has committed substantial additional funding from 2018/19 for a Forest Monitoring Program, to be led by the Department of Primary Industries, which will include a socioeconomic component. In 2017, the Australian Government funded a series of socioeconomic assessments of the impact of the forestry industry, including in the south-west slopes of NSW (Tumut region to Albury) and Bombala region, under the umbrella of: “*Forestry in Australia: Understanding the social and economic effects of the forest industry in regional communities*”. The south-west slopes report is available on the NSW DPI website. The final results of all these assessments will be available in 2020.

Recommendation 7

That the Parties:

- review the sustainability indicators
- review the monitoring, evaluation and reporting process
- collect information across all land tenures
- include a process for remedial action
- collaborate to engage community interest in the sustainability indicators.

Joint Government Response

The Parties agree with the Reviewer’s recommendation.

The Parties work together under the Montréal Process Implementation Group for Australia to implement and assess sustainability indicators that have national and regional relevance.

The NSW ESFM indicators were assessed in 2010 by the then Department of Environment, Climate Change and Water, and Forests NSW, following a national review held between 2005 and 2008.⁶ The Parties support reviewing the set of sustainability indicators applied to RFA regions when national criteria and indicators are next reviewed.

Both Parties support streamlined and meaningful outcomes-focused reporting. NSW agrees to develop a monitoring, evaluation and reporting (MER) plan for forest management that will inform measures of performance under the NSW RFAs, including performance in relation to the sustainability indicators. NSW will embed coordination of forest research within this plan and review it annually to ensure that it remains current and relevant.

The Parties agree that the collection of information across all forest tenures in NSW can be strengthened by adopting a coordinated MER plan, and by using modern approaches for gathering data, including remote sensing technologies. This will also be addressed through the NSW Government’s response to recommendation 3, committing the NSW Government to explore ways to improve the handling and coordination of state and regional forest management matters, including the collection of reporting information across tenures.

The Parties note that the NSW Government has committed substantial additional funding from 2018/19 for a Forest Monitoring Program, to be led by the Department of Primary Industries in collaboration with other NSW forest management agencies, which will provide valuable forest data and information across all land tenures.

Both Parties support including defined processes in the RFA for remedial actions. The Parties have maintained structured clauses providing for dispute resolution, and included a clear process for remedial action under the NSW RFAs to rectify unsatisfactory performance or address adverse outcomes relating to the RFAs, which will also be enhanced by the MER framework.

The NSW Government commits to prioritise ways agencies can collaborate to engage community interests in the sustainability indicators as part of its response to recommendation 4.

⁶ NSW EPA 2017, *Ecologically Sustainable Forest Management Criteria and Indicators for the NSW Forest Agreement regions 2016*, <<https://www.epa.nsw.gov.au/~media/EPA/Corporate%20Site/resources/forestagreements/revise-ecologically-sustainable-forestry-management-criteria-indicators-160178.ashx>>.

Recommendation 8

The NSW Government clarifies the arrangements for monitoring, evaluating and reporting on conservation values within the CAR reserve system, including a review of performance measures and the use of the Mitchell's Landscapes information layer.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

The Parties remain committed to monitoring, evaluating and reporting on conservation values within the Comprehensive, Adequate and Representative (CAR) reserve system in line with the International Union for Conservation of Nature (IUCN) framework for forest zoning and the Joint ANZECC/MCFFA National Forest Policy Statement Sub-committee (known as JANIS) targets.⁷

The Parties note that the *NSW Regional Forest Agreements - Assessment of matters pertaining to renewal of Regional Forest Agreements* (2018) assessed the level of forest ecosystem reservation within the CAR reserve system for each region, including the degree to which JANIS criteria and targets have been met. This will be monitored and evaluated on an ongoing basis as part of the five-yearly review on RFA implementation in NSW. Forest ecosystem mapping will be used to assess the delivery of ESFM, including the establishment and maintenance of the CAR Reserve System, and to determine whether the objectives of the NSW RFAs are being achieved. The NSW Government confirms that Mitchell Landscapes will not be used to address JANIS criteria and indicators in RFA regions.

The NSW Government reserves the right to update its mapping techniques, methodologies and associated data in line with advances in technology or improvements in research. The Parties note that the Office of the Environment and Heritage is updating vegetation type mapping across NSW and these new datasets will provide better information to underpin the RFA knowledge base.

Recommendation 9

The Parties commit to:

- adequately resourcing the agencies responsible for field management and compliance of logging operations
- consider a model based on outcome performance for providing improved oversight of forestry operations.

Joint Government Response

The Parties note the Reviewer's recommendation and advise that resourcing of NSW agencies is the responsibility of the NSW Government.

The *NSW Forestry Industry Roadmap* outlines the NSW Government's commitment to implement a modern regulatory framework for the NSW forestry industry that ensures the industry is ecologically sustainable. The NSW Government recognises that adequate resourcing is required to deliver on its agenda.

In relation to native forestry on public land, the NSW Government is committed to a more transparent regulatory framework to increase community confidence that products from NSW forests are obtained legally and harvested under a well-regulated system of sustainable forest management. The NSW Government is committed to preventing non-compliances from occurring by maintaining an active compliance and enforcement program for native forestry operations in NSW. The NSW Government recognises the importance of a strong and independent environmental regulator in ensuring public confidence in the integrity and regulatory compliance of native forestry operations.

⁷ State Forests of NSW 1999, *Managing our forests sustainably: Forest Management Zoning in NSW State Forests*, <http://www.forestrycorporation.com.au/data/assets/pdf_file/0003/438402/managing-our-forests-sustainably-forest-mgt-zoning-in-nsw-state-forests.pdf>.

The NSW Government is committed to adopting an outcomes-based performance model through the new Coastal Integrated Forestry Operations Approval (IFOA) to ensure the IFOA delivers its intended outcomes and is practical for the industry to implement. The Parties note that the aims of the Coastal IFOA remake include reducing the costs of implementation and compliance, and improving the clarity and enforceability of IFOA conditions.

The new Coastal IFOA licensing framework will facilitate continual improvement through increased flexibility and will enable an efficient and effective response when negative impacts are demonstrated through proposed new environmental monitoring requirements. Under the *Forest Legislation Amendment Bill 2018* (NSW), passed by the NSW Parliament in June 2018, penalties for breaching the IFOAs are being modernised, including by increasing on the spot fines from \$1,100 to \$15,000. These changes bring the penalty amounts into line with what already applies to operations on private land, and other regulated industries in NSW.

The NSW Government has also committed to review the Private Native Forestry Code of Practice to ensure the regulatory requirements for native forestry on private land also remain contemporary.

Recommendation 10

The Parties conduct a contemporary review of the native forest timber industry considering the effect of climate change, the overall conservation status of the forest, the socio-economic position of relevant rural communities and support for the industry.

Joint Government Response

The Parties agree in principle with the Reviewer's recommendation.

The Parties acknowledge the importance of managing the native forest industry with consideration to the effects of climate change, the overall conservation status of the forest, the socioeconomic position of rural communities and support for the industry. The Parties note that the Forest Monitoring Program recently committed to by the NSW Government will provide forest data and other information that will contribute in an ongoing way to improved understanding of these matters.

The Parties further acknowledge that projected increases in the intensity and frequency of extreme events such as bushfire, droughts, floods and storms will significantly influence forest management and future wood supply. The public consultation process on NSW RFA renewal conducted in early 2018 expressly sought comment on how the RFAs should be modified to account for the impacts of climate change.

The NSW Government recognises that the management of State forests needs to be informed by an improved understanding of climate change risks in relation to:

- available wood, forest products, and water resources
- threatened species populations, densities and distributions
- impacts on threatened species habitats and threatened ecological communities
- forest health and biosecurity
- bushfire frequency and intensity.

The NSW Government is committed to the integration of climate change adaption and mitigation into the management of State forests, and information is provided in [recommendation 14](#).

The NSW Government will investigate opportunities for carbon benefits from ESFM to be recognised by the Commonwealth Government so that carbon credit revenue can support management of NSW forests.

The Parties note that FCNSW is investigating the carbon balance of forestry operations and ways to maximise the carbon benefits of forest management.

Further consideration of the risks associated with climate change on the NSW forest estate is provided in the response to [recommendation 14](#).

Recommendation 11

The NSW Government to have regular formal regional and state meetings with the timber industry under the auspices of the RFA to discuss and resolve issues and pursue opportunities. As appropriate, these meetings should include a wider audience of those affected, such as local government, with the outcomes shared with the regional community.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

The Parties agree that regular formal meetings with the timber industry are critical to resolving issues and pursuing opportunities within the RFA regions.

The Parties note that, while other consultation opportunities will be established on an as needs basis such as the recent targeted stakeholder forums on RFA review and renewal and the draft Coastal Integrated Forestry Operations Approval, the NSW Forest Industries Taskforce (the Taskforce) was established in 2012 to provide members of the softwood and hardwood timber industries with an opportunity to consider issues affecting the industries and provide advice to the Minister responsible for the forestry portfolio. The Taskforce represents a broad cross section of industry and currently includes Forestry Corporation of NSW, Timber NSW, the Australian Forest Products Association, the Australian Forest Contractors Association, the Institute of Foresters of Australia, Visy Industries, Boral Limited Timber Communities Australia, Australian Forest Growers, the NSW softwoods industry, NSW Farmers, and Forestland Consulting.

The Taskforce discusses matters at State, regional and local levels covering issues and opportunities for the industry. These matters include regulatory instruments and reforms, wood supply and availability, plantation industry development and NSW RFAs.

The *NSW Forestry Industry Roadmap* identified significant resource uncertainty in the forestry industry sector. The NSW Government remains committed to balancing wood resource supply and demand to increase business confidence and promote investment. The NSW Government will work with industry as a matter of priority to examine and resolve issues relating to supply, and to improve timber resource and environmental modelling. To meet this commitment, the NSW Government will continue to address supply and demand issues, and regulatory modernisation and reform, in consultation with industry.

The NSW Government will explore further opportunities for engaging with a wider range of stakeholders in ongoing discussions relating to issues and opportunities for the timber industry.

Recommendation 12

The Parties ensure that forest research is effectively managed through:

- establishing formal research committees at state and regional levels to coordinate research
- establishing sub committees to coordinate specific research, such as threatened species
- publishing of annual budgets of agency forest research
- agreeing on long term strategies for research projects that align with the monitoring objectives of the RFAs.

Joint Government Response

The Parties agree in part with the Reviewer's recommendation.

The Parties recognise that there are opportunities to improve the way forest research is coordinated and communicated in NSW.

The Parties agree to discuss research themes and future priorities at annual officials-level bi-lateral meetings, and to address research progress and priorities in the RFA five-yearly review progress reports.

The Parties note that in addition to existing programs, the NSW Government is investing \$9.2 million over four years from 2018/19 for forest mapping and monitoring to support a science-based approach to sustainable forest management, performance monitoring, resource management and forest health. The Australian Government is investing to obtain new information for managing impacts on threatened

species through the National Environmental Science Program (NESP), with \$145 million over the six years from 2015 to 2021. Research projects in the Threatened Species Recovery Hub will inform on-ground responses to reduce threats and promote recovery of threatened species, including forest dwelling and forest dependent species in NSW.

Forest research budgets for the NSW Government Department of Primary Industries (DPI) and Forestry Corporation of NSW (FCNSW) are made publicly available through annual reports and State of the Forests Report (SOFR) reporting. It is not currently possible to directly report on other agencies' forest research budgets as budget processes and financial infrastructure do not support such reporting. Where possible the NSW Government will provide expenditure on forest research in the five-yearly review progress report.

Recommendation 13

Future NSW Agreements to require a detailed and well-presented analysis of the conservation status of the forest, include an explanation for any decline in health or loss of forest area.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

The Parties recognise the importance of having a thorough scientific understanding of the status of forests and forest health in NSW. The Parties commit to reporting on the conservation status of forests as part of RFA five-yearly review processes, including providing an explanation for any decline in health or loss of forest area where this information is available. The Parties will evaluate how this information is currently being collected, analysed and presented and consider whether further work is required to better understand these and other issues to inform ESFM and adaptive forest management.

The Parties note that the Australia's State of the Forest Report (SOFR) examines forest cover changes over time and ABARES prepares a forest cover layer as part of the five-year SOFR reporting process. The sustainability indicators reported on in the SOFR have been adapted to better apply to Australia's forest characteristics from the criteria and indicators developed by the international Montréal Implementation Group.

The Parties note that in addition to existing programs, the NSW Government is investing \$9.2 million over four years for forest mapping and monitoring to support a science-based approach to sustainable forest management, performance monitoring, resource management and forest health.

Recommendation 14

The Parties ensure future RFAs fully consider the risks associated with climate change and agencies plan, monitor and report on changes made to forest management practice to adapt to the changing environment.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

The Parties agree that the NSW RFAs include consideration of the risks associated with climate change. The public consultation process on NSW RFA renewal conducted in early 2018 expressly sought comment on how the RFAs should be modified to account for the impacts of climate change.

The Parties agree that NSW RFAs should include commitments to consider and respond to the risks associated with climate change, and this is reflected in the renewed NSW RFAs. The Parties agree that climate change is having and will continue to have diverse and significant impacts in New South Wales. Rising temperatures and sea levels, changes in rainfall quantity and seasonality as well as changes in fire regimes and water quality, will have wide-ranging impacts on biodiversity and will intensify existing threats such as habitat loss, weeds, pest animals and drought. The projected increases in intensity and frequency of extreme events such as bushfire, droughts, floods and storms could have a profound influence on forest management. Climate change is also a serious threat to native species and ecosystems and is expected to be an ongoing challenge to their effective conservation.

The NSW Government agrees that agencies will continue to plan, monitor and report on changes made to forest management practices to adapt to the changing environment and note that the NSW Government has committed substantial additional funding from 2018/19 for a Forest Monitoring Program. This will align with NSW's strategic objective to provide tools and strategies for land managers across all NSW land tenures. NSW is committed to the integration of climate change adaptation and mitigation into biodiversity conservation measures and the management of the forest estate across NSW through:

- identifying dynamic risk management avenues and adaptation pathways to minimise the loss of biodiversity and biodiversity values and maximise adaptive capacity across the landscape
- integrating adaptation pathways into Species Management Plans, management of high conservation value assets and Fire Management Plans across the landscape
- increasing knowledge of adaptation management for species and ecosystems across the landscape
- developing guidelines and guidance materials to support adaptation management across the landscape
- identifying and integrating climate change considerations into the monitoring and evaluation requirements for the IFOAs on State Forests
- assessing climate change risks, and integrate adaptation responses into FCNSW Forest Management System to maintain the objectives of ESFM
- pursuing management opportunities that maximise socioeconomic, carbon sequestration and other benefits that flow from forests
- considering mitigation actions and opportunities across the forest estate to generate improved greenhouse gas outcomes.

The Parties note that the NSW Government is investing \$30 million over four years from 2018/19 for an innovation program for forest based industries. This will support the adoption of technologies and techniques to address the challenges faced by current forest management practices to adapt to the changing environment.

Recommendation 15

In future RFA reviews, the NSW Government to report on:

- contemporary information on the science of carbon storage and forests
- the contribution of NSW forests to the global carbon cycle
- opportunities to enhance carbon storage in forests.

Joint Government Response

The Parties agree with the Reviewer's recommendation.

The Parties commit that future RFA five-yearly reviews will report on:

- contemporary information on the science of carbon storage and forests
- the contribution of NSW forests to the global carbon cycle
- opportunities to enhance carbon storage in forests.

The Parties note that RFA five-yearly reviews will report on the sustainability indicators developed by the international Montréal Implementation Group, and adapted to better apply to Australia's forest characteristics. These include the contribution of forest ecosystems and forest industries to the global greenhouse gas balance (Indicator 5.1.a). The Parties also note that the *NSW Regional Forest Agreements - Assessment of matters pertaining to renewal of Regional Forest Agreements (2018)* addressed the sustainability indicators including these matters. Both Parties agree to assess how further information could be added to enhance reporting on this indicator in future RFA five-yearly reviews.

The Parties recognise that this recommendation aligns with their commitments under the *National Forest Policy Statement* and Australia's ability to contribute to efforts at the international level to reduce the impact of greenhouse gas emissions. This includes through achieving the national goals relating to ecologically sustainable management of Australia's forests, by maintaining and increasing native forest cover and by increasing vegetation cover through plantation development.

Recommendation 16

The Parties prepare future RFAs (or similar arrangements) with consideration to:

- gaining legislated commitment from both Governments to support the arrangements
- gaining formal commitment from the agencies to support the arrangements, including resourcing
- preparing arrangements that are easy to read, with maps, diagrams and detail appended as needed
- reducing the requirement for multiple reporting, particularly in regard to environmental aspects, and replacing this with a single consolidated report that is endorsed by all agencies
- establishing an open and transparent process for amending the arrangements: supporting adaptive management while abiding by established principles
- moving towards an outcome and performance based approach for environmental prescriptions, ensuring their intent is retained or strengthened
- establishing supporting structures to achieve stronger integration of agencies, including establishing state and regional coordinating committees with the authority to recommend on RFA issues, coordinate shared services and research, and to oversee the collection of information to support the arrangements
- a review of performance against objectives derived from the sustainability indicators after five years
- having no automatic right of renewal without a review showing satisfactory performance over the preceding five years
- a change in the title (potentially away from 'forests') to reflect that the agreements cover the wider landscape
- a requirement for strong stakeholder and community communication, based on an agreed plan and with the necessary supporting resources.

Joint Government Response

The Parties prepare future RFAs (or similar arrangements) with consideration to:	Response	Supporting statements
Gaining legislated commitment from both Governments to support the arrangements	Agreed in part	<p>The Parties note the Reviewer’s recommendation for gaining legislated commitment from both governments to support the arrangements and view this recommendation within the context of the Parties’ commitments relating to statutory obligations. The Parties take the Reviewer’s observations about undermining or impeding the NSW RFAs through legislation seriously.</p> <p>The Parties do not agree that further legislated commitment from both governments is required to support the arrangements. The <i>Regional Forest Agreements Acts 2002</i> (Cth), together with the <i>Environment Protection and Biodiversity Conservation Act 1999</i> (Cth) and the <i>Export Control Act 1982</i> (Cth) provide the legislated commitment of the Commonwealth for the RFAs. In NSW, the government’s commitment to the RFA arrangements is delivered through a Forest Management Framework containing numerous pieces of legislation including the <i>Forestry Act 2012</i> (NSW), <i>Local Land Services Act 2013</i> (NSW), <i>Biodiversity Conservation Act 2016</i> (NSW), <i>National Parks and Wildlife Act 1974</i> (NSW), <i>Plantations and Reafforestation Act 1999</i> (NSW) and the <i>Protection of the Environment Operations Act 1997</i> (NSW) that together with supporting policies and regulatory instruments provide for ESFM.</p>
Gaining formal commitment from the agencies to support the arrangements, including resourcing	Agreed	<p>The Parties agree with this recommendation. In renewing the NSW RFAs the Parties will formally commit to the continuing implementation of their obligations under the NSW RFAs, including through ensuring the adequacy of resourcing of agencies to achieve these obligations. Further information relevant to this recommendation is provided in relation to recommendation 1.</p>
Preparing arrangements that are easy to read, with maps, diagrams and detail appended as needed	Agreed in part	<p>The Parties acknowledge that the NSW RFAs are complex and lengthy documents that can be difficult to read. The Parties do not support changing the nature or current format of the NSW RFAs or the level of detail they contain as they are legal documents outlining the terms of intergovernmental agreements.</p> <p>The Parties agree that outside the formal NSW RFAs they will use different ways to present information about the RFAs to increase community understanding of the arrangements. This will include the production of communication material summarising the key aspects of the NSW RFAs using simple language and supported by maps and diagrams where appropriate.</p>
Reducing the requirement for multiple reporting, particularly in regard to environmental aspects, and replacing this with a single consolidated report that is endorsed by all agencies	Agreed	<p>The Parties agree with this recommendation and have introduced outcomes-focused and streamlined reporting under the renewed NSW RFAs that will align with other national forest reporting obligations.</p>

Establishing an open and transparent process for amending the arrangements: supporting adaptive management while abiding by established principles	Agreed	The Parties agree with the Reviewer's recommendation for establishing an open and transparent process for amending the NSW RFAs. The Parties commit to negotiating a process for future amendments at the first annual meeting of the Parties following the renewal of the RFAs. The Parties support adaptive management and further address this issue in the renewed NSW RFAs. This includes updating the RFAs as required and reporting against adaptive management at each five-yearly review. The Parties also commit to meaningful reporting through review of performance against objectives, with satisfactory performance linked to the five-year extension mechanism. The Parties are committed to increased transparency and accountability on other matters of relevance to the RFAs including Sustainable Yield; annual meetings of the Parties; and changes to those elements of the CAR Reserve System in Informal Reserves or values protected by prescription, and the net impact that any such changes have on CAR values.
Moving towards an outcome and performance based approach for environmental prescriptions, ensuring their intent is retained or strengthened	Agreed	The Parties agree with this recommendation and are committed to moving towards an outcome and performance based approach for environmental prescriptions relating to forestry operations. Parties agree that ESFM requires a long-term commitment to continuous improvement and adaptive forest management. The Coastal IFOA remake currently being undertaken in NSW, which will set out contemporary rules for conducting forestry operations in coastal public forests in NSW, will be outcomes-focused and provide for continuous improvement and adaptive management.
Establishing supporting structures to achieve stronger integration of agencies, including establishing state and regional coordinating committees with the authority to recommend on RFA issues, coordinate shared services and research, and to oversee the collection of information to support the arrangements	Agreed	This recommendation is addressed in <u>recommendation 3</u> .
A review of performance against objectives derived from the sustainability indicators after five years	Agreed	The Parties agree with this recommendation and commit to reviewing performance against sustainability indicators as part of each five-yearly review process under the renewed NSW RFAs.
Having no automatic right of renewal without a review showing satisfactory performance over the preceding five years	Agreed	The Parties recognise that in order to strengthen community confidence in forest management in NSW they must demonstrate that they are delivering ESFM, including through satisfactory performance of their obligations under the RFAs and delivering on the objectives of the RFAs. The Parties are committed to adopting a diligent approach to review timelines in the future. Under the renewed NSW RFAs, the Parties link a five-year rolling extension to the satisfactory five-yearly review of the RFAs. Either Party may also initiate an audit, if in the opinion of the initiating Party, there has been, or is likely to be, an adverse finding or outcome relating to an RFA.

A change in the title (potentially away from 'forests') to reflect that the agreements cover the wider landscape

Not agreed

The Parties do not agree with the Reviewer's recommendation to change the title of Regional Forest Agreements due to the legal ramifications of such a change and the significance of the RFAs in relation to forested regions.

The Parties support the continuing role of the RFAs in NSW and note 'Regional Forest Agreement' is a defined term under the *Regional Forest Agreements Act 2002* (Cth). This Act gives effect to certain obligations of the Commonwealth under RFAs; gives effect to certain aspects of the National Forest Policy Statement; and provides for the existence of the Forest and Wood Products Council.

The Parties acknowledge that the RFAs cover forest and non-forest ecosystems. The RFAs have particular relevance in relation to forests as the National Forest Reserve Criteria, agreed by the Parties in accordance with the National Forest Policy Statement, formed an essential part of the RFA process and were used to guide the establishment of the CAR reserve system within the RFAs.

The Parties note the Reviewer's observations that a change of name of any future land use agreements and the use of landscape descriptors may help improve understanding. To address this the Parties will seek to increase community understanding of the RFAs as including National Parks, State forest, other conservation reserves, plantations, private forests and covering Non-Forest Ecosystems in the CAR Reserve System through developing new communication materials explaining the contents of the RFAs using simple language.

A requirement for strong stakeholder and community communication, based on an agreed plan and with the necessary supporting resources

Agreed

This recommendation is addressed in [recommendation 4](#).

