

Comments from Tree Plantations Australia

On the Discussion Paper for

Central Region Sustainable Water Strategy

The Discussion Paper on the Central Region Sustainable Water Strategy contains a number of proposed changes to water management which have the potential to significantly impact on the future growth of the forest and timber industry in Victoria. Quite importantly, if the content of the Discussion Paper forms the basis of the sustainable water strategy, it has the potential to contradict the clear Government intention given in at least three key policy areas. These are the Regional Forest Agreements, the *Our Water Our Future* White Paper, and *Plantations for Australia: the 2020 Vision*.

The White Paper stated that there would be a long-term plan to improve water yields balanced against the commitments of meeting the timber supply guarantees to industry. Economic, social and environmental issues were taken into account when determining the wood supply volumes for the timber processing sector through the Regional Forest Agreements. If timber harvesting was reduced in the water supply catchments, it would be necessary to find alternative timber resources to maintain those original commitments. There is no reflection of the Regional Forest Agreement outcomes within the Discussion Paper.

It is of concern that the wording of the Discussion Paper appears to pre-empt the outcomes of some important initiatives arising from the White Paper and it is disappointing that there is such a limited capacity for recognising the positive contributions from our industry. These contributions arise from the beneficial economic, social and environmental returns which can be derived from both timber growing and wood processing. It is therefore essential that, in accordance with the assurances given by the State Government, the Central Region Sustainable Water Strategy retains the capacity to incorporate the findings of the studies currently being undertaken on forestry water use.

Throughout the Discussion Paper, there are constant references to the long-term sustainable use of water and the use of a triple bottom line approach to supporting the efficient use of the region's water resources. The improvements in efficiency and effectiveness of water use seem to rely more on regulating future water uses, as opposed to considering a longer-term solution that might include water use and entitlements across all current and future uses. To deliver the greatest economic, social and environmental returns per megalitre of water use, particularly in the over-allocated or stressed catchments, one important option may be to provide a framework that can support a future redistribution of water entitlements in a manner that increases the overall returns from that water use.

At a number of points in the Discussion Paper, it is indicated that further work needs to be completed on the use of water from areas of native forest that have been, and will be, used for timber production. The industry strongly disagrees with the general claims from environmental groups of how much water is used by forests as they regenerate after timber harvesting. However, if these claims were correct, there should be increasing water yields from the new forest reserves created during the last seven years to more than compensate for any detectable water use by the remaining production forests and plantations.

Where the Discussion Paper refers to Environmental Flows and the Environmental Water Reserve (even in the Glossary), it concentrates on water flowing down streams. To fully encompass environmental 'flows' and effectively use the water held in the reserve, there should be some recognition of the potential positive impacts from landuse changes. In

addition to the industrial plantations, it may be possible to allocate some of the environmental flows from water to multi-purpose plantations which have the capacity to reduce salinity, prevent erosion and provide improvements in biodiversity and carbon sequestration.

Specific comments on the content of the Discussion Paper have been raised against the relevant sections in the document, particularly where there are knowledge gaps that should be addressed before decisions are taken to change the approach to water management. If you have any queries on the matters that have been raised, please do not hesitate to contact me.

Yours sincerely
Phil Townsend
CEO
Tree Plantations Australia
phil.townsend@nafi.com.au
(02 6285 3833 or 0414 660 303)

Comments on the Discussion Paper – Central Region Sustainable Water Strategy

Table 1.1 – in identifying the need for an improved balance of economic, environmental and social outcomes, there is no indication of whether the same approach will apply to all water users in under and over-allocated catchments. Will the strategy outline the means for addressing the over-allocation and over-utilisation of catchments within the Central Region? Will there be a long-term process for allowing a reallocation of water resources for over-allocated catchments so that the water entitlements can provide a more effective and efficient use of water?

Significant landuse changes are seen as placing further pressures and potential risks on to the region's water resources (p.5). Will a definition of significant landuse changes be provided in the strategy? Again on p.16, the third paragraph states that the Central Region's water resources will be under stress from a range of factors including 'significant landuse change'. What does this mean and if it refers to increasing areas of plantation forestry, will the definition take into account the relatively small proportion of the land area where timber plantations are growing?

Section 2.1 discusses water in rivers and reservoirs (p.6). Are the options proposed for managing the water resources able to make a significant impact on the inefficiencies of catchments and water lost during transmission from one part of the catchment to another?

The second paragraph on p.11 refers to the Environmental Water Reserves, but concentrates purely on water flows. Part of the environmental reserves could include the allocation of water for multiple-purpose plantations. That is, water could be made available for plantations that are established to produce timber and deliver improved environmental outcomes, such as ameliorating salinity, reducing soil erosion, lowering bacterial loads, or limiting the entry of chemicals into waterways. These plantations would be in addition to the establishment of commercial plantations.

Landuse change via the establishment of plantations or timber harvesting may affect catchment yields (p.16). While this is a general statement, the very limited areas of native forest harvesting or plantation establishment within the Central Region would most likely have a minimal impact on catchment water yields. Studies being completed under Action Items 2.20 and 2.21 of the White Paper would help to inform this process, but will not be completed within the timeframe of completing this Strategy. A process should be defined to allow the findings of this work to be drawn into the Strategy.

Under section 3.1, it is stated that catchment yields may be affected by climate change, bushfires and revegetation (amongst other factors). All of these factors may place a greater potential risk on future catchment yields than plantation forestry. Options for managing these risks should be given greater consideration in the preparation of the Strategy for managing the Central Region's water resources, given the relatively large area of native forests. To help understand the scale of these risks to water yields, the impact of the 2003 bushfires is predicted to take more water out of the Murray River system than the Federal and State Governments are attempting to return in environmental flows. Similarly, large areas of revegetation are occurring, or are being programmed, for riparian zones along water courses. These are the areas where there is likely to be the greatest use of water resources by vegetation and a more strategic approach should be taken to have the environmental revegetation activities undertaken in areas away from creeks and rivers, where possible.

The Discussion Paper regularly refers to the balance of economic, social and environmental outcomes from using the region's water resources. If this is the case, then the material on p.17 under the heading of 'Significant Land Use Changes' should take into account the changing water balance associated with the creation of multiple new forest reserves. If the environmental groups' view of a reduction in water yield after timber harvesting and forest regeneration is correct, then the increased future water yields arising from the creation of additional reserves in the Central Region and adjacent areas over the past seven years should more than compensate for any additional water use from regenerating native forests or plantations established in the area covered by the Strategy.

More credible information on native forest and plantation water use (and impacts on catchment yields) will be provided from two initiatives being completed as outcomes of the Victorian White Paper. This information should be used to guide the development of the Central Region's Sustainable Water Strategy, rather than the Strategy trying to pre-empt the findings of that research. For example, the impacts of timber harvesting regimes on water yields should consider the small area of forests being harvested, the spatial distribution of timber harvesting areas (or coupes) and the potential benefits of undertaking some forest thinning to increase water yields and providing protection against major bushfires. The program and rationale for forest thinning in the Wungong Catchment of Western Australia and the Healthy Forests Initiative in the United States should be given greater consideration during the preparation of the Strategy.

The first paragraph on p.18 refers to the establishment of plantations outside of State Forests to offset any reductions in the availability of timber where there is a further phasing out of logging in some areas. However, there is little potential for using plantation timbers to substitute for the high quality timber products derived from native forests in the Central Region of Victoria. Even if this were possible, it would take at least 30 years (and most probably closer to 60 years) to produce the same quality of timber from plantations. Over the past seven years, there have been repeated suggestions that the timber industry could move from native forest to plantation resources. However, there has been no program established to date that would support the development of hardwood sawlog plantations on a scale to retain the commercial viability of the industry in Victoria (if it were more dependent on plantation resources).

Section 4 of the Discussion Paper refers to the Triple Bottom Line approach to managing water resources. However, there is no such framework yet available to assist catchment managers through this process, particularly one that can take into account all water users and all water uses. For example, how would the framework account for the improvements in water quality (measured by sediment loads, bacterial counts, chemical concentrations) associated with plantations as compared to their predicted water use?

In table 4.1, does the estimate of potential improvements in conserving existing water supplies adequately take account of the inefficiencies of catchments? That is, the storage and transmission water losses. Is there a greater potential to reduce these inefficiencies than has been identified in table 4.1?

The Framework outlined in tables 4.2 and 4.3 does not seem able to account for all existing water uses nor provide a mechanism to support the future redistribution of water entitlements in over-allocated or stressed catchments. Will the Framework be expanded to assist catchment managers through this process? How will catchment managers determine that their water allocations and entitlements are maximising the economic, environmental and social returns on water use?

Table 4.3 refers to the 'potential indicators' for sustainability assessment. To realistically assess the effect of plantations on the environment, the indicators should also include changes in sediment loads and bacterial counts. There should also be some mechanism to allow environmental flows to include the water used by multiple-purpose plantations which provide improvements in water quality, biodiversity and other environmental outcomes, as well as timber for industry. Under item 4 in the table, wouldn't it be more appropriate to have the indicator being the return per megalitre of water (in terms of dollars and jobs) as opposed to 'cost per individual per region'? The return per megalitre of water would surely be more effective in supporting the Triple Bottom Line assessment method.

Section 4.1 of the Discussion Paper refers to revegetating streamside areas. Greater consideration should be given to the significant potential impact that these activities will have on catchment water yields.

The second paragraph in Section 4.2 refers to the consideration of more water-efficient processes. This is consistent with supporting some future, long-term redistribution of water entitlements, as opposed to restricting alternative water uses in over-allocated and stressed catchments. The proposed framework should provide the means for allowing the redistribution of entitlements to occur if the sustainable water strategy is to maximise the returns on the use of available water in the Central Region.

In addition to introducing pricing structures that reward the efficient use of water (last row of table 4.4 on p.25), there should be some mechanism to allow dryland landusers to retain access to any improvements in water use efficiency that they can deliver through changing their management practices.

On p.29, the second-last dot point on the Eastern Water Recycling Proposal refers to additional environmental flows. In addition to those flows, greater consideration could be given to the water quality improvements that could be delivered from plantation forests.

Tables 4.6 and 4.8 refer to the option of reducing logging in water supply catchments. This is a myopic view of the outcomes associated with forestry. Greater consideration should be given to the potential benefits, in terms of water quality and water quantity across time that can be delivered from forest thinning, logging and using forestry to limit the potential impacts of future catastrophic bushfires on water catchments.