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# Native forests are worth more unlogged, so why are we still cutting them down?

 **Caitlin Fitzsimmons**    46 reading now Show comments

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I spent the first four years of my life living in the middle of the forest in southeastern NSW.

Our log cabin was at the end of a dirt road, surrounded by stringybark, spotted gum and the sounds of kookaburras and lyre birds.



Illustration: John Shakespeare

Wombat holes and lichen-covered boulders dotted the hillside and the creek ran cold and clear, steeped red-brown with tea tree.

After we moved to the city, we returned most years to visit family. Every trip more and more of the surrounding bushland was cleared and replanted with radiata pine.

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The plight of the Leadbeater's possum has been a political issue in Victoria. Photo: Justin McManus

Now most of the native forest near my childhood home is gone, clearfelled and sold to the Japanese for woodchip.

It still upsets me greatly. As a child I blamed greed, but as an adult I realise the truth is even more galling, because there is nothing economically rational about it.



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All Australians should be angry about logging of native forests. If you don't care about the environment, what about the fact your taxes prop up an unviable industry that employs very few people?

Now the bottom has fallen out of the woodchip market, you might finally think the gig is up. Instead there's a push to burn the forests and call it "renewable energy".



Illustration: Andrew Dyson

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In economics it is considered a market failure when damage to a third party or the environment is not included in the cost. In the case of native forestry, taxpayers are actually paying for the destruction.

Whether it's south-eastern NSW, East Gippsland in Victoria or the Tarkine in Tasmania, it's the same old story. Logging must be a front in the culture wars, because it sure ain't about economics.

The annual reports for the various state forestry businesses reveal logging native forests is marginally profitable at best, and a sinkhole for taxpayer money at worst.

[Forestry NSW's 2015 annual report](#) boasts a "landmark result" because its hardwood division, mainly native forests, recorded an operating profit for the first time in 10 years. The corporation's overall profit was because of its substantial softwood plantation business, boosted by the housing boom.

[VicForests](#), which isn't in the plantation business, made a modest profit of \$4.7 million in the 2015 financial year, but this is not consistent across the state. In 2015 leaked documents revealed the [East Gippsland logging operations lost up to \\$5.5 million](#) a year.

Meanwhile, Forestry Tasmania went from being tens of millions of dollars in the red at the end of 2014 [to a profit the following year](#). But this was mainly because it decided its forests had gained \$37.9 million in value, then reported that as revenue. The profit also included \$14.4 million in direct government subsidy.

The Tasmanian Liberal government made an election promise to end \$95 million in subsidies to the logging industry, but it's struggling to follow through.

On the very first day of the 2016 financial year it gave Forestry Tasmania \$30 million to repay debt. The government claims this is not a subsidy because it comes in the form of an equity transfer from the state-owned electricity business.

Meanwhile, the Tasmanian government has called for projects using "forest waste" to generate electricity to apply for grants under its new Wood and Fibre Processing Innovation Program. There's \$1.25 million up for grabs and applications closed at the end of August.

Let's be clear – "forest waste" is not truly leftovers. It can sometimes be up to 80 per cent of the forest harvest.

It gets worse. Thanks to the changes to the Renewable Energy Target, burning native forests can now count as renewable energy, even though it takes 80 years of regrowth to replace the carbon store.

And of course Tasmania has plenty of clean hydro-power



Vica Bayley from the Wilderness Society, in the Styx Valley in southern Tasmania. Photo: Peter Mathew



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And of course, Tasmania has plenty of clean hydro power.

The problem is especially politically vexed in that state because Tasmanians think the forestry industry is more important than it is. In fact, native forestry only generates about 1 per cent of the gross state product and provides 1000 jobs, less than 0.5 per cent of total employment for the state, according to a 2013 report for the Australia Institute.

Tasmania's tourism sector and aquaculture are worth far more in the long term, and both rely on the state's clean, green image.

By the way, the report was authored by Andrew Macintosh, the person appointed by the Abbott government to oversee the [Emissions Reduction Fund](#) (ERF).

The truth is – and [Macintosh has written on this too](#) – native forests are worth more unlogged. Of course, forests are more than a number in a ledger, but even in pure economic terms you can assign value to forests' role in biodiversity, water quality and sequestering carbon.

One way for state forestry organisations to convert that to actual money would be to accept carbon credits from the federal government for not logging forests.

This is payment for sequestering carbon under the ERF. It was set up in 2011, but still exists under the government's "Direct Action" plan, though it famously now includes payments to polluters to reduce emissions. Last year's [ERF white paper](#) explicitly states that local and state government entities can apply.

There are already private landholders in Tasmania earning good money from the ERF for not logging their forests, but no state forestry corporations so far.

Forestry NSW mentioned it wanted to explore ERF possibilities in its annual report a year ago, but this has not yet eventuated. There's some speculation it wants credits for producing long-lived wood products rather than ending logging.

Victoria offers a glimmer of hope.

[Last month the Forest Industry Taskforce](#), which includes groups such as The Wilderness Society and the CFMEU, requested a methodology for earning ERF credits.

The taskforce represents all Victorian state forests east of the Hume Highway, though the main focus has been on the Central Highlands because of the endangered Leadbeater's possum. If an ERF method is established, it could be valid nationally.

Let's hope common sense prevails.

**Caitlin Fitzsimmons is editor of Money. Find her on [Facebook](#) or [Twitter](#).**

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