

A PLAN FOR FOREST FIRE RECOVERY AND VIABLE SUSTAINABLE FOREST INDUSTRIES IN VICTORIA

Victoria faces very difficult, unfortunate circumstances of major, very large scale forest fires in 2006/2007, after similar fires in 2003. It is imperative that a constructive approach is taken for immediate recovery and longer term sustainability of regional Victoria, its communities, economies/industries and ecologies.

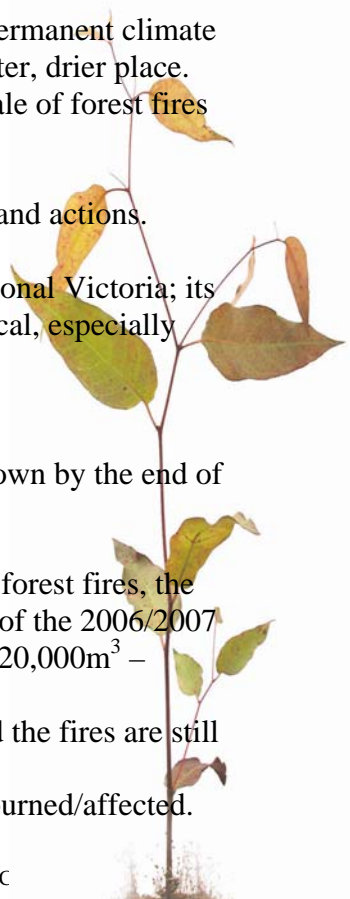
PRINCIPLES

- ▶ Consistent, Whole of Government approach is necessary especially with co-operation among VicForests, DPI, DSE and Treasury but also Parks Victoria and the Forest fire Recovery Taskforce with policy settings that deal with, and are consistent, for the immediate, medium and longer term.
- ▶ Recognition of all the forest values including communities, timber, biodiversity/ecologies, landscapes, economies/industries tourism/recreation etc from a sustainability point of view.
- ▶ Confirmation of the Government's State election promise of "no job losses" from forest industries in Victoria.
- ▶ Recognition of what appears to be drought within the context of overall, permanent climate change. In Victoria it is predicted that climate change means mostly a hotter, drier place. These trends will mean significant impact on the nature, frequency and scale of forest fires into the future.
- ▶ Recognition of lessons learned from earlier fires, recovery policy settings and actions.
- ▶ No pre-emptive policies/actions that may damage the sustainability of regional Victoria; its communities, economies/industries, ecologies, eg no log exports before local, especially longer term needs and opportunities have been assessed.

THE ISSUES FOR FOREST INDUSTRIES

VAFI understands the quantity and quality/grade of salvage timber will be known by the end of February and the impact on sustainable yield by June 2007.

- ▶ Impact on the resource going forward ie sustainable yield. After the 2003 forest fires, the reduction in sustainable yield was 60,000m³. With the additional damage of the 2006/2007 fires, loss of some 60,000m³ – 100,000m³ means an overall reduction of 120,000m³ – 160,000m³, ie 24% - 32% reduction of the total yield of 500,000m³.
- ▶ 1.1m hectares of State Forests & other land tenures have been affected and the fires are still burning.
- ▶ Up to 5M m³ of timber resource (the vast majority being Ash) have been burned/affected.



- ▶ Continuity and security of resource, supply now (to meet current obligations) and longer term.
- ▶ Immediate legal, efficient, safe salvaging from State Forests and National Parks.
- ▶ Optimal procedures for sale and distribution of salvage timber.
- ▶ The length of existing contracts for processing (ie 2-4 years) is absolutely inadequate for the investment in the future of the industry.
- ▶ Review of the appropriateness of the auction system in this context going forward.
- ▶ Occupational Health and Safety in relation to salvage harvesting.
- ▶ Government's election policy to extend National Parks in East Gippsland.
- ▶ Ecological Recovery and Regeneration of all forests.
- ▶ Investments, public and private.
- ▶ Timber Release Plans.
- ▶ Harvesting & Haulage Capacity.
- ▶ Implications for markets arising from accelerated harvesting and processing program associated with a high volume salvage program.
- ▶ Active Land & Forest Management for forest fire Prevention.
- ▶ Support for Communities.

ACTION

Continuity, Longevity & Security of Supply Now & Longer Term

In line with the principles outlined above:

- ▶ Consideration of the most effective and immediate ways to salvage as much timber as possible for the immediate and longer term survival/sustainability of forest industries via urgently amended allocation orders. This includes meeting all immediate obligations, smoothing out the looming crisis/gap in quantity/quality of supply after 2008/2009 when most licences/contracts end.
- ▶ Consideration of the need for some immediate relief for existing licences/contracts via renegotiation of TSA's in the context of these changes, including massive reductions to the sustainable yield.
- ▶ Consideration of amended trading terms for accelerated sawlog intake.
- ▶ Consideration of financial support for the establishment of expanded log dumps and related infrastructure (water reticulation/water recovery etc) to provide for longer term storage of salvaged logs.
- ▶ Contracts Need to be Longer: For the industry to have a viable future, confidence and investment is necessary for this to occur. Timber contracts and resource security need to be longer term. At present contracts with VicForests are 2-4 years.
- ▶ 1939 Fire Legislation as Precedent: There are precedents like those enacted after the 1939 fires which provided resources and procedures to optimise timber salvaged and have it well stockpiled under water during WWII.

- ▶ State Forests & National Parks: Any salvage operations should apply to the resource in State Forests and National Parks.
- ▶ Timber Release Plans: Consideration of the efficiencies/productivity and gains if the Timber Release Plans were carried out by VicForests rather than DSE.
- ▶ Harvesting & Haulage Capacity: Importation of appropriate contractors and/or training should be planned if required. This should be seen in the context/opportunity of overall, industry requirements including plantation requirements. More plantations are due to come on stream by 2010. There needs to be recognition of the potential for extra costs associated with Salvage Harvesting and Government has a role to play in this if they are serious about maximising the volume harvested from the salvage areas which in turn will minimise the impact on sustainable yield going forward. It would be unfair for the Government to expect industry to wear the extra costs associated with harvesting and haulage of salvage timber.
- ▶ Occupational Health & Safety: Salvage operations are often difficult and dangerous. OH&S must be seen as a high priority. Skills development as well as investment in machinery may be required.
- ▶ Ecological Recovery & Regeneration: Salvage operations have demonstrated the ability to assist with biodiversity recovery and regeneration. The 1983 regeneration in Powelltown is such a demonstration. Care must be taken to optimise outcomes for both the salvage timber resource and the regeneration of forests for future resource as well as the forest ecologies overall.
- ▶ The Extension of National Parks in East Gippsland: The Government needs to place a moratorium on the implementation of its policies to extend National Parks in East Gippsland with consideration to be given to the impact on sustainability of the industry in the context of this recovery.

Investment, Public, Private & Support for the Communities

An overall assessment of public and private investments in forest industries is necessary for sustainability and the viability of these industries. Elements include immediate and longer term infrastructure development, roading, buffers, burning, silviculture, equipment, skills and expertise, and to encourage private sector investment and innovation.

- ▶ Investment to Optimise Salvage: The Government needs to assess urgently and make available the financial resources necessary to carry out efficient and complete salvage as well as stockpiling operations over time ie invest in VicForests. It may cost as much as \$50 million.
- ▶ Innovation Incentives: Incentives should be made available to ensure effective, efficient, value adding timber processing capacity in Victoria. This includes the processing of smaller logs, veneer facilities.
- ▶ Impacts on Sustainable Yield: The Government needs to assess the investment required to further rationalise the industry. This will need to include contracting and industry exit packages. There is also a need to review the appropriateness of the Auction System going forward in all its aspects.

- ▶ **Contributions to Forest Fire Effort:** Recognition and support for forest industries contribution to the forest fire effort. Grants and other initiatives for forest industry related businesses and their communities who have contributed time, staff, machinery, skills to the fire effort. These may be involved in timber processing and/or harvesting.
- ▶ **Community/Business Hardships:** Grants and other initiatives for businesses affected by the fires to ensure sustainability of local communities/economies.
- ▶ **Plantations:** Financial support for re-establishment of burnt sawlog plantations.

Active Land & Forest Management for Forest fire Prevention

Proper, Whole of Government consideration is required to prevent fires of this scale for the future.

- ▶ **In the short term:** The ongoing role of newly constructed buffers/roads, in State Forests and National Parks, requires consideration especially as we expect hotter and drier conditions will prevail in Victoria because of global warming.
- ▶ **In the longer term:** Larger questions of land management, access, infrastructure, equipment, skills, governance and responsibilities, all require greater attention. Especially, the timber and ecological assets require evaluation and greater attention in order to optimise the ways and means we invest in up-front preventative policy settings and operational measures for fire prevention so that such large scale fires are of the past. This may require a special inquiry.