

**VAFI'S**

**Forest Industries Policy Charter:**

**Vision 2025**

**Sustainable Futures  
for  
Forest Industries  
in  
Victoria**



[www.vafi.org.au](http://www.vafi.org.au)

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## Vision 2025

**VAFI's Goal is to have robust and sustainable forest industries in Victoria.**

**This goal is supported by VAFI's desire for Victoria's forest industries to be recognised as the World's best managed and ecologically sustainable.**

## VAFI's objectives

**These are the essential elements for working towards our goal:**

- To work with the State Government & Others to develop policies supportive of robust and sustainable forest industries in Victoria, economically and socially viable, long term, based on innovative, design, technologies and processes.
- For Victoria's forest industries to be world's best managed, ecologically sustainable and recognised as such.
- To work with the Federal Government and Others to introduce polices to restrict imports of illegally and unsustainably harvested timber and redressing Australia's trade deficit.
- To have recognised, native hardwood timber, sustainably harvested, used and regrown, as one of the most environmentally friendly materials we can use. Trees store carbon as they grow and wood based products continue to store that carbon.

**In order to achieve our goal and objectives, VAFI is committed to establishing:**

- Industry leadership with credibility & recognition around sustainable forest issues and change, especially economic and resource certainty for the industry
- A whole of supply chain presence with co-operation and innovation
- Community understanding & support by working with diverse organisations & voices
- Demonstrable credentials around the best forest management, including multiple values of production forests including ecosystems services, carbon, biodiversity, water, soil
- The case for sustainable native forest industries in Victoria

**Native Forestry, Plantations, Farm Forestry should be viewed as part of sustainable land use policy, planning and management incorporating all the dimensions of sustainability, economic, environment, social and cultural, governance. As well, forest industries should be recognised for their contribution to local communities, and infrastructure, from road routes to fighting fires and being mayors and school councillors.**

## Preamble

There are 164 million ha of forest in Australia, covering 21 per cent of the continent, with about 8.2 ha for forest for each Australian<sup>1</sup>. This is one of the highest areas per capita in the world (world average is 0.6ha).

## Past Decline

In Victoria, the hardwood processing industry sources timber almost exclusively from public native forests, over 95% of sawlog volume.

The National State of the Forests Report 2003 shows that of Victoria's 6.637m ha of public forest, 3.05m ha, 46% is formally held in nature reserves. This area increases as the Expanded Otway National Park is gazetted.

Over the last 20 years, the native forest resource available for industry has been reduced by nearly 50%, the reserve system has expanded from 0.2m ha of National parks in 1970 to 3.05m ha in nature reserves in 2004/05. DSE monitoring of annual harvest in 2003/04 show that only 651,300 ha (less than 10% of public forest in Victoria) were actually suitable and available for commercial harvesting, taking into account terrain, buffer zones, special protection zones (SPZ) etc and only .14% is harvested each year.

Our Forest Our Future (OFOF) estimated that, taking into account new methodologies for ascertaining the sustainable yield forecasts, sawlog supply levels for harvesting were 567,800m<sup>3</sup> pa. This represents a reduction of about 30% of the then current licences for harvesting levels across the State. The latest projections for harvesting levels by 2015 are at 450,000/500,000m<sup>3</sup> pa

This decline in accessible resource for harvesting has seen the number of sawmills across the state reduce significantly. In 1975 there were 270 sawmills. In 2005 there were 75 and still reducing after the second VicForests on-line auctions which saw huge price increases (50% to 100% above administered prices) and key players withdrew from the bidding. The projected annual resource of 450,000m<sup>3</sup> by 2015 is much less than the OFOF commitment of 567,800m<sup>3</sup>.

The outputs from Victoria's native forests contribute about \$1.8billion each year to the Victorian economy. Annual turnover is about \$540 million at the mill door. This includes native hardwood forestry, harvesting and processing, sawlog manufacturing as well as pulp and paper manufacturing.

Native forest industries in Victoria generate direct employment for over 4,000 people, mostly in regional areas, and indirect employment for a further 10,000 people across the state.

## Future Growth

However over the next 15 years, by 2020, the overall native hardwood regenerated volume will increase considerably, and provide the basis for an expanded industry as part of its increasing contribution to the Victorian economy.

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<sup>1</sup> Australian Government Bureau of Rural Services: Australia's forest at a glance 2004

## EXECUTIVE SUMMARY

### Priority Recommendations for the Victorian Government

(These recommendations are also throughout the document)

#### State Government Leadership

- **The State Government demonstrate co-ordinated leadership and champion the benefits and management of native forest industries in Victoria, especially given the Government's importance as monopoly supplier and multiple regulator of the industry.**
  - The Government to draw a halt to the decline of the industry and enable it to grow and reduce Victoria's trade imbalance in wood and wood products.
  - The State Government to recognise the forest products industry as an opportunity to deliver elements of its "*Vision for Victoria to 2010 and Beyond*", in particular addressing "*the continuing challenge to ensure regional Victoria shares fully in the benefits of a strong economy*"<sup>2</sup>.

#### Forest Industries Plan

- **The State Government develop a 40 year (at least) industry plan that includes native forests, plantations and farm forestry, public & private based on growth and prosperity for a world class industry across regional and urban Victoria.**
  - **The State Government work with industry to establish ways and means to identify areas of appropriate quantity and quality of timber to guarantee the base resource as promised in OFOF, ie 567,800m<sup>3</sup> of D+ sawlogs per year (as above) including RFA and related methods and mechanisms eg swaps, like for like.**

#### Pricing and Allocation

- **An independent expert review of the nature and impacts of VicForests online auction system to ensure sustainable, robust, Forest Industry and communities into the future.**
  - The review must take into account all of the divisions of sustainability as expressed in the Sustainable Forests (Timber) Act 2004, ie the context must include the economic, the and the social and environmental impacts.
  - The Government ensure that VicForests retains a substantial portion of its income for wood sales for reinvestment and development in the industry, including regeneration, silviculture treatments and appropriate research and development.
  - Reviewing the terms and conditions of the VicForests Timber Sales Agreements / Contracts to provide commercial fairness, longer tenure that is competitive with other States for both VicForests and Buyers especially given that the monopoly supply VicForests has an automatic advantage in the market.

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<sup>2</sup> A Vision for Victoria to 2010 and Beyond – Growing Victoria Together March 2005

- Improving VicForests supply contracts to make them legally enforceable, fair supply contracts (equivalent to those in other jurisdictions eg NSW, WA, Tas)
- Extending the allocation order to 20 years (currently 15 years)
- Increasing the Timber Release Plan from 5 years to 10 years

## Mechanisms for Baseline Resource Security

- **The State Government, in consultation with industry, legislate/regulate to guarantee supply of the 567,800m<sup>3</sup> of D+ Sawlogs per year as outlined in OFOF 2002 as a baseline resource for the industry now and going forward be based on the following principles.**
- **This should include the establishing of an authority committed to that supply, a whole of government approach:**
  - Recognise and provide advice around the long term nature or resource development and consequently, investment and development. The industry and Government to work together to identify and develop increasing and diverse resources for forest industries in Victoria. This should include mapping and investigation into the availability and nature of sustainable resources from private land in Victoria.
  - Collaboration between Government and industry to develop ways and means of facilitating access to resource on private land based on standards equivalent to management practices and regulations in public forestry.
  - This authority to provide advice in regards to any Government policy determinations that affect the provision of this resource, eg VEAC, Inquiries, EPA, relevant codes and regulations.
  - Include transparent, independent appeals mechanisms.
- **In support of this, the State Government also needs to take further action to:**
  - Encourage long term investment in forest industries, public & private, especially for the longer term production of quality sawlogs from hardwood plantations.
  - Support for a sustainable Red Gum forestry with no diminution of the resource. (See “Water, Wood, Wildlife” on VAFI’s website [www.vafi.org.au](http://www.vafi.org.au)).
  - Continue sustainable forestry in water catchments with full life cycle analysis as the basis for a triple bottom line approach to valuing and comparing resources longer term.
  - Continue sustainable forestry in old growth currently available for production in Victoria with alternative harvesting practices which enhance both industry and ecological outcomes
  - Support for R&D & innovation in harvesting, transport, processing and design along the supply chain. This includes the investigation and establishing of pilot projects for long term development of a broader range of native species as the resource for diverse and value-added products.

- Support for industry training, skills development and recruitment with increased public investment especially in regional Victoria.
- Commit to no more community forestry projects after the Wombat the forest project failed to include production forestry despite the promises of the Governments had been promised by Government.
- Legislate for the right to harvest in line with other Australian States

## Economic Certainty, Resource Security

- **In order to reaffirm its commitment in Our Forests Our Future (OFOF) to robust and sustainable forest industries in Victoria, the State Government to guarantee the industry the 567,800m<sup>3</sup> per year of D+ sawlogs as outlined in OFOF, 2002.<sup>3</sup> as a baseline resource for the industry now and going forward (also stated earlier).**

## Investment

- **The State Government to support a strategy of public and private investment and development of diverse plantation and farm forestry resources in Victoria on public and private land.**

## Private Native Forestry

- **The State Government to support mapping and utilising additional private native forest sawlog resources on a world class sustainably managed basis across Victoria. This includes expert and financial support.**

## Regional Economies & Communities

- **The State Government to support, and recognise, the significant socio-economic contributions timber businesses and timber dependent communities contribute to regional Victoria**

## World's Best Managed Forests & Certification

- **The State Government to support third party certification and other proposed mechanisms to ensure Victorian Native Forests are the best managed in the world and recognised as such.**
- **The State Government to support AFS certification and mutual recognition or otherwise for obtaining FSC.**

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<sup>3</sup> **Note:** It should be noted that for 2005/2006 the resource, as published in the VicForests catalogue is considerably less than stated in OFOF. It is 528,342m<sup>3</sup> for D+ sawlogs per year in 2005/2006 and by 2015/2016 the quantity is reduced to 15%, 450,000m<sup>3</sup> of D+ sawlogs per year. Reference: *VicForests Estimated Sawlog Availability by FMA, 15 December 2005*

- **The State Government to support the establishment of the proposed Trust for Monitoring Forest Management in Victoria (see attachment 1).**
- **The State Government to undertake a thorough examination of the management and resource needs of the existing reserve system prior to considering any further additions to that reserve system.**
  - This should include consideration of the best means of establishing adequate monitoring systems and an evaluation of the outcomes against the objectives outlined during and after the establishment of these reserves.
  - VAFI believes it would be useful to investigate the state of the national parks and reserve management, especially how it is integrated with production based land uses such as forestry in adjacent areas.
- **The State Government to recognise in its policy settings that commercial forestry can and does play a valuable role in forest stewardship.**

## **Water & Water Catchments**

- **The State Government's review under the Out Water Our Future policy should continue to be scientifically based.**
  - It should give full consideration to the triple bottom line impacts, including regional employment and be considered in context with a wide range of issues and other water usage and options.

## **Voluntary Protesters Code**

- The State Government to support for the declaration and the enforcing of Public Safety zones in State Forests and the implementation of the Voluntary Protesters code as developed by and supported by the whole of the industry and proposed to the Government and NGO's in 2004, (see attachment 4).

## **Plantations**

While plantations (public and private, softwood and hardwood) will never be a replacement for native forest industry production, it is important to see them, as a significant part of the overall industry into the future.

- **The State Government should give priority to ensuring plantations are planned for the long term for high quality sawlogs as well as for fibre for paper production.**
  - It is also important that the proper policy settings, leadership and frameworks encourage appropriate plantation development (see full policy, attachment 3).

## Illegal & Unsustainably Harvested Imports

- **The State Government should work with other Governments in Australia and elsewhere to restrict imports of illegally and unsustainably harvested timber and timber products.**

## Ecosystem Services & Carbon Storage in Production Forests

- **The State Government should establish policy settings that ensure that Victorian native timber hardwood and products are recognised as environmentally friendly.**
  - Consequently, production forestry must be included in any carbon trading. Other ecosystem services provided by production forests must also be recognised and valued as such. Government should work with industry to apply these principles, recognising the triple bottom line outcomes (economic, social, and environmental) for industry and communities.

## Procurement Policies, Ecospecifications & Ecolables

- At the market end of the supply chain VAFI believes the Victorian Government needs to ensure that methodologies, techniques and measures used to assess the environmental qualities and impacts of production forestry and wood must be rigorous, objective, transparent and fair. At present many of these assessments are lacking in credibility, integrity and transparency. It is crucial that all such schemes are analysed by Government, industry and community.
- The State Government must ensure that there is no discrimination against wood and wood products underlying ideological non transparent positions that are opposed to all native forest production.
  - Recognition of wood as a sustainably harvested, used and regrown, as one of the most environmentally friendly materials we can use and consequently:
    - Eliminate any government regulatory and policy settings which unfairly discriminate against forest industries and their products, including procurement policies. This will mean proper analysis of the underlying methodologies and science of any eco-specifications, certifications, ecolables must take place before policies are established. It also means ensuring that native timber is used and featured in Government policies, projects and developments, including Government buildings and projects ie the new convention centre
    - **Recognition of biomass from approved production areas in native forests as an energy source/crop**
    - ensuring procurement policies and any eco related labelling are based on transparent, objective, scientific assessments
    - amending 5 Star energy ratings criteria and methodologies to ensure no unfair discrimination against timber/wood-based products especially the recognition of embodied energy

- support for the establishment of broad based industry organizations for native timber marketing and promotions.
- ensuring Government, especially VicForests, actually lead and promote Victorian native timber locally and overseas.
- re-assessing the real value of structural uses of timber, eg house Red Gum sleepers, residential housing and commercial building construction.

## **Further Recommendations:**

These are also included throughout the document.

### ***1. Forest Industries not to be Traded in Elections***

That the long term potential of production forestry with all its values be recognised and its future should not be endangered by election bargaining. It would be best if policies were bipartisan with patient capital invested by public and private means, including superannuation funds, so that Victoria can meet its own wood and wood products needs as well as grow and compete in the export markets.

Consequently, the State Government must lead and encourage the transition from a conflict based model for forest policy and campaigning to a sustainability model.

### ***2. Documentation of Forest Industry Management Improvements***

That the history of improvements in the industry be documented, explained and promoted by the relevant Government Ministers, Departments and Agencies. A detailed publication should be developed, hard copy and on line.

### ***3. Victoria's Forest Industries to be World's Best Managed, Ecologically Sustainable and Recognised as Such.***

### ***4. VicForests as Responsible Corporate Citizen***

VicForests as a responsible corporate citizen should engage in customer oriented practices, develop partnerships with its customers and relevant other organisations to deliver benefits to Victoria in all the dimensions of sustainability, economic, social and cultural, environmental and governance.

### ***5. Stakeholder Engagement***

Stakeholder Engagement with Opinion Leaders and Environmentalists, Scientists, Union, NGO's, Community Organisation is essential for industry and for Government in order to position industry and government policies going forward.

### ***6. Plantation Policy Implementation***

That the State Government implement the attached Joint Victorian Forest Industries Plantations Policy (see attachment 3).

**BACKGROUND**

**to**

**VAFI's**

**Forest Policy Charter:**

**Vision 2025**



# **Background to VAFI's Forest Policy Charter Vision 2025**

## **Victorian Forest Industries: Robust & Sustainable**

Sustainable Forest Industries in Victoria make a major contribution to the State's environment, economy and quality of life and are capable of expanding that contribution as demand for wood and paper products continues to grow globally.

Forest industries can be at the forefront of the sustainable use and protection of Victoria's forests and natural resources.

Victorian Forest Industries to be world's best managed, ecologically sustainable and recognised as such.

By 2025 the industry could be supplying a worldwide, diverse range of high quality hardwood timber, high value added products and wood fibre, from native forests, plantations and farm forests. It provides ecological, economic, social values and establishes a model for the application of sustainability principles to resource industries.

We recognise there will be on-going significant changes necessary to achieve this. But we also recognise that much has improved over the past twenty years.

## **Further actions to support the priority actions for the Victorian State Government include:**

Creating Certainty for Resource Security – drawing a line in the sand with no further net loss of timber resource. This includes working with the State Government and others to establish ways and means to optimise forest productivity with the identification of methods, including the swaps referred to in OFOF and other mechanisms to ensure a secure base for the timber resource short and long term.

## **Sustainability Paradigm Recognition & Promotion of Improvements:**

This means moving beyond the conflict based paradigm of environment versus development into a sustainability paradigm. Forest industries should not be traded for environmental votes in elections but should be understood as an industry that produces a wide range of necessary but environmentally friendly products, sustainably managed along the supply chain. It also means ongoing community/stakeholder engagement.

Public recognition and promotion of continuous improvement in sustainable forest management, controls the extent of comprehensive and representative conservation reserves, the progress of technologies, regulations and processes is a necessary part of changing the way the forests are managed by the State Government as well as the performance of the harvesting and processing sections of the industry.

Support for third party certification and other proposed mechanisms to ensure Victorian Native Forests are the best managed in the world and recognised as such. Support for AFS then mutual recognition with FSC and the proposed Trust for Monitoring Forest Management in Victoria developed by world renowned forest ecologist, Dr David Lindenmayer are all part of this recognition

## Promotion of Forest Industry Products

### Timber Industry Marketing & Promotion

New broad based industry organisations for timber marketing and promotion should be supported by Government. This includes multi stakeholder/supply chain support for the establishment of a new not-for-profit marketing & promotion organisation in Victoria after the closure of the Timber Promotions Council. This includes the return of capital accumulated from industry fees as part of its establishment.

### Collaborative Approach

Collaboration of key regulators and industry; VicForests, DPI, DSE, Treasury, EPA, Worksafe is essential to support and progress for the future of the industry. This means improved interdepartmental/agency deliberations and decision making as well as ongoing discussions with industry along the supply chain.

### Sustainable Regional Communities

Support for maintenance, development and investment in regional communities based around forest industries, wherever there is resource, harvesting, processing, marketing. These are a number of key research reports that demonstrate the importance of the industry in regional Victoria.

### Development Incentives

#### Plantations & Farm Forestry

Resource Development and Investment, should be developed with Industry, Government and other appropriate Agencies for regulatory frameworks, incentives for plantations and farm forestry.

This includes the Federal Government with State Government support, introducing policies and strategies to restrict imports of illegally and unsustainably harvested timber, the maintenance of Managed Investment Schemes (MIS) tax schemes and other incentives for sustainable long term forest industries. (See Plantations Policy attached).

### Stakeholder Engagement

Stakeholder Engagement with Opinion Leaders and Environmentalists, Scientists, Unions, NGO's, Community Organisations is essential for industry and for Government in order to position industry and government policies going forward.

## 40-year Plan – Ministerial Champion & State Government Leadership

### Leadership

The State Government should work with industry to develop a 40-year industry plan with the Minister for Agriculture responsible for a ‘*whole of Government*’ co-ordination of policies and practices for the growth and prosperity of forest industries. While we recognise that the Sustainable Timber Industry Council (STIC) has a part to play in developing such a plan, a broad range of experts and interested parties need to be included in discussions.

### Long term economic resource certainty is key.

Over the next 30 years Victoria’s population is expected to increase by 1.2% per year, this means around 1.2m new homes. Currently around 2.6% of new homes are weatherboard and 90%+ are wood based ie use timber framing. To meet this demand and not increase our dependency on non-renewable energy and water intensive products or on imports, we need a viable and thriving forest industry.

It is 80 to 120 years between harvesting cycles. Investment in the industry is a long-term proposition, whether it is plantation or farm forest development, research and development, processing or marketing and promotion.

A considered development path is required, supported by Government and Industry.

This would be a long-term plan, addressing supply, right to harvest and resource development that can deliver an industry that is the best in the world.

A plan that indicates where the industry is going and how it is going to get there is crucial. Such a plan provides clarity and encouragement for investors and participants in the industry to move forward, provides certainty.

To deliver such a plan the industry needs a Champion in Government. One Minister that can bring together and co-ordinate the many different government policies and practices that impact on the industry, focus them to help deliver the development plan.

### Recommendation:

#### State Government Leadership:

*The State Government needs to demonstrate co-ordinated leadership and champion the benefits and management of native forest industries in Victoria, especially given the Government’s importance as monopoly supplier and multiple regulator of the industry. The Government to draw a halt to the decline of the industry enable it to grow and reduce Victoria’s trade imbalance in wood and wood products.*

*In doing so the State Governments should recognise the forest products industry as an opportunity to deliver elements of its “Vision for Victoria to 2010 and Beyond”, in particular addressing “the continuing challenge to ensure regional Victoria shares fully in the benefits of a strong economy*

## **Resource security – A baseline with no further net loss & growth going forward**

While Victoria has a growing need for renewable wood products, its ability to supply them locally is declining.

Policies need to be in place that ensure there is ongoing resource security otherwise the industry is in danger of collapsing, having no critical mass lacking in scale, to grow, innovate, invest and prosper.

The hardwood sector is dangerously close to falling below the critical mass it needs to maintain a viable innovative, sustainable industry. Yet it is also faced with the prospect of more resources being withdrawn without the possibility of a new resource coming on stream for three to four decades.

The Victorian forest industry resource has been reduced significantly over the last 40 years. See VAFI's paper on "Continuous Improvement in the Protection of Environmental Values in Public Native Forests in Victoria Since the 1960's" on [www.vafi.org.au](http://www.vafi.org.au).

Consequently, the Government's Commitment in Our Forests Our Future (OFOF) to robust and sustainable forest industries in Victoria, to guarantee the industry the 567,800m<sup>3</sup> per year of D+ sawlogs as outlined in OFOF, 2002 as a baseline resource for the industry now and going forward is extremely important to the critical mass necessary for an innovative forward looking industry. It provides the certainty for leadership, investment and change.

The hardwood sector now has access to 10% of the native public forest, (600,000ha) with only .14% of this resource harvested each year. The industry has lost more than 50% of its resource in the last 30 years, as areas of the forest have been placed in national parks and reserves, and as the controls on harvesting become ever more stringent.

At the same time, opportunities to expand the hardwood sawlog plantation estate are limited because they are discouraged because risks are high. Softwood sawlog plantations are being converted to short harvest rotation hardwood for wood-fibre for paper production.

Resources in other states is under similar constraints. If we are to develop an industry we must maintain the current blend of conservation reserves, access and use. This must become part of an overall approach of sustainable landuse planning and management regimes taking into account all the dimensions of sustainability.

### **Recommendation:**

#### **Mechanisms for Baseline Resource Security**

**That the State Government in consultation with industry legislate/regulate to guarantee supply of the 567,800m<sup>3</sup> of D+ Sawlogs per year as outlined in OFOF 2002 as a baseline resource for the industry now and going forward be based on the following principles. This should include the establishing of a structure committed to that supply. It should include a whole of government approach and include:**

- Recognise and provide advice around the long term nature or resource development and consequently, investment and development that industry and Government work together to identify and develop increasing and diverse resources for forest industries in Victoria. This should include mapping and investigation into the availability and nature of sustainable resources from private land in Victoria.
- Collaboration between Government and industry to develop ways and means of facilitating that access based on standards equivalent to management and practices and regulations in public forestry.
- Advice in regards to any Government policy determinations that affect the provision of this resource, eg VEAC, Inquiries, EPA, relevant codes and regulations.
- Proper, appropriate appeals mechanisms.

## The Sustainability Paradigm

### The Future for Forest Industries in Victoria is not Negotiable

The forest industry should be not negotiable. It should not be traded in the Nov 2006 election nor threatened in the new parliament where minority parties might have the balance of power in the upper house.

Forest industries provide one of Victoria's few renewal resources. It can be integral to this State's sustainable future.

To deliver on its "Vision 2025" potential it needs a stable policy environment that encourages development and is not subject to the vagrancies of a 4-year election cycle or the prospect of being traded on every piece of legislation. It requires bi-partisan support.

We need all political parties to move beyond the grenades and blockades, the jobs versus the environment mentality to embrace the forest industries as delivering real solutions within the sustainability paradigm, part of the solution not the problems. Especially forest industries can contribute to the solutions for global warming. Processing mills are also able to increase resource efficiency, add value, reduce waste to zero, reduce water and energy use - many have done so. This is reflected in VAFI's Sustainability Report.

The conflict based paradigm means ongoing conflict and offers no real answers to how we meet our aspirations for improving our quality of life and keeping the planet functioning for future generations. The latter provides a real way forward. We want all political parties to pledge that they will not trade viable sustainable industries for less than enduring environmental outcomes.

### Recommendation:

#### Forest Industries not to be Traded in Elections

*That the long term potential of production forestry with all its values be recognised and that its future should not be endangered by election bargaining. It would be best if policies were bipartisan with patient capital invested by public and private means including superannuation funds so that Victoria can meet its own wood and wood products needs as well as grow and compete in the export markets.*

*The State Government must encourage the transition from a conflict based model for forest policy to a sustainability model for forest industry policy and campaigning..*

## Recognition of Forest Management Improvements in Victoria

After 130 years especially since the 1960's of scrutiny & continuous improvements, acknowledgement that policies and practices are greatly improved, close to the best in the world and Victoria has extensive and representative forest reserves is necessary.

Victoria has over five times the international Union of Conservation of Nature (IUCN) standard for forest conservation reserves. We need recognition of the extensive conservation reserves now in place and the stringent controls on harvesting, processing and production. These are outlined in papers by Graeme Gooding listed at the back of this policy and on the VAFI website [www.vafi.org.au](http://www.vafi.org.au).

Approval for harvesting depends on the Department of Sustainability and Environment sign off a 15 year Timber Allocation Order to VicForests. The Allocation Order must be framed within the Department's, legislative and land stewardship and sustainability criteria.

VicForests must submit a 5-year Timber Release Plan to DSE. It must meet all DSE's criteria, for sustainable harvesting and regeneration of the forests.

Harvesting and regeneration must comply with the Code of Forestry (check title) Practice. The Environment Protection Authority independently audits enforcement of and compliance with the Code.

10% of public native forest is available and suitable for commercial forestry, only .14% of this available and suitable is harvested each year.

Little recognition is given to these stringent controls, the very significant amount of forest in conservation reserves and the very significant improvements that have taken place.

The EPA audits code compliance each year.

### **Recommendation:**

#### **Documentation of Forest Industry Management Improvements**

*That the history of improvements in the industry be documented, explained and promoted by the relevant Government Ministers, Departments and Agencies. A detailed publication should be developed, hard copy and on line.*

*The EPA should be encouraged to benchmark how forest industry compliance compares with other compliance in other sectors.*

## **Victoria's Forest Industries to be World's Best Managed, Ecologically Sustainable and Recognised as Such.**

Regulations and controls now in place in Victoria is essential for wood products and markets. Independent third party forest certification is part of this recognition.

Committing resources to achieve AFS forest certification by December 2007 followed by application and/or mutual recognition with FSC is required.

The need to establish forest certification is pressing with the prospect of current export contracts not being renewed, unless forest certification and the relevant chains of custody are in place.

Significant progress has been made over the last few years with forest certification in Australia. However Victoria is lagging behind, placing its hardwood export business at risk and exacerbating tensions over native forest harvesting.

Certification offers a range of economic, social and environmental benefits, including:

- Supporting the long-term sustainability of forest industries and continuity of supply of forest products;
- Enhancing the credibility and reputation of forest managers as a source of forest products;
- Providing access to environmentally sensitive markets;
- Maintaining biodiversity values in production forests;
- Securing broad stakeholder support for forest management;
- Meeting ever more stringent local and international customer demands.

### **Recommendations**

**These follow under the following headings in this section**

- **Biodiversity Protection in the Comprehensive Adequate Representative (CAR) Reserserve System**
- **Contributions of Forest Industries to Sustainable Forest Management**
- **Water Catchments and Forestry**

**Trust for Monitoring Forest Management in Victoria**

## **Biodiversity Protection in the Comprehensive Adequate Representative (CAR) Reserve System**

In contrast to the continuous improvement in regard to timber production, there appears to be little monitoring/evaluation of the biodiversity/ecosystem changes from CAR reserves. There appears to be minimal standards of management and performance that give us all confidence that these reserves are the best way of protecting or enhancing biodiversity/ecosystems or that the reserves we have in place now are achieving what they were established to achieve.

This lack of focussed attention, such as through regular monitoring and reporting, is placing the reserve system at greater risk. This is despite the biodiversity in these reserved areas being clearly at great risk from inadequate or inappropriate management. Inadequate management of fire is one of these main threats. 1.3 million hectares of Victoria's forest was burnt by fires in 2003 – an area twice the entire area available for harvesting in State forests in Victoria.

There is much discussion that resources, funding and skills are inadequate to manage reserves. There is much anecdotal evidence about weeds and poor often passive management, such as insufficient ecological burning<sup>4</sup>.

While VAFI supports the need for continuous improvement in forestry, there is unlikely to be justification on environmental grounds for a further net loss in timber production activities within natural public forests. VAFI is confident that a proper Triple Bottom Line assessment would support this contention (including factoring in the environmental credentials of alternative products)<sup>5</sup>.

### **Recommendation:**

Prior to considering any further additions to the reserve system, the Government needs to undertake a thorough examination of the management and resource needs of the existing reserve system. This should include consideration of the best means of establishing adequate monitoring systems and an evaluation of the outcomes against the objectives outlined during and after the establishment of these reserves.

VAFI believes it would be useful to investigate the state of the national parks and reserve management elsewhere, especially how it is integrated with production based land uses such as forestry that is occurring in adjacent areas.

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<sup>4</sup> For example: A 2002 report by the Fire Ecology Group of Parks Victoria states that the lack of adequate ecological burning was threatening biodiversity values in many areas. *"The clear finding from this study is that across the majority of public land area in Victoria, the main fire-threat to biodiversity conservation is the absence of fire rather than too frequent fire.....A significant shift in the use fire as an ecological management tool is needed in our public land management. The current ad hoc and sporadic ecological burning programs implemented by the Department of Natural Resources and Environment and Parks Victoria need to be significantly upgraded to address the large imbalance in age distribution of most vegetation types across the State."*

<sup>5</sup> The Environmental Impact of Building Materials: Victorian Native Forest Timbers – VAFI Report (attached)

## Contributions of Forest Industries to Sustainable Forest Management

VAFI believes there has been very little consideration given to the contribution that production forestry can cater to all the dimensions of sustainability, including the ecological values. Incredibly demanding evaluations, forestry codes, audits and standards apply. As well the industry funds local infrastructure, skills and personnel that is often missing in reserve systems.

It has been the contention of industry that affordable, sustainable good forest stewardship on a regional basis is enhanced by the on-going presence of a commercial forestry sector within a landscape where there is a mixture of reserved and commercial forests.

Stewardship benefits include:

- the critical mass benefits of professional forest management in a region
- provision of a road infrastructure – for access for tourism, fire control, and management
- associated R&D into natural sciences that flows from a commercial presence
- enhanced fire control capacity – with wildfire being by far the biggest future threat to water catchments and old growth (80% of which is in reserves)

*“Commercial forestry helps to fund the ‘critical mass’ of trained professionals and skilled machinery operators that can quickly be deployed to fight fires – people who know the area and are likely to be working in the area near the fires. They work with equipment needed to fight fires (like bulldozers) or with fire itself (such as regeneration burning and fuel reduction burning) in their day-to-day responsibilities.*

*A sustainable native forest timber industry enhances the State’s ability to protect private property, regional communities and forest assets, both environmental and commercial (such as old growth, catchments and timber stands), as well as maintaining good forest stewardship in general across all forests – both within parks, reserves and production forests.”*

Source: VicForests<sup>6</sup>

### Recommendation:

The State Government should recognise in its policy settings that commercial forestry can and does play a valuable role in forest stewardship.

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<sup>6</sup> A critique by VicForests of The Age opinion article: “A possum stares extinction in the face” February 2006

## Water Catchments and Forestry

As part of the Our Water Our Future policy, the State Government is reviewing water issues, including an assessment of timber harvesting within water catchments. The issues are complex and the review is strongly science based. VAFI believes it should give full consideration to the triple bottom line impacts and it needs to be considered in context with a wide range of issues and other water usage. Considerations include:

- Most of the water catchments for Melbourne are closed to timber harvesting. However timber harvesting in some of these catchments has been in place for many years on Government-owned land that was incorporated into Melbourne's water supply catchments in the late 1960s.
- Melbourne's water supply catchments cover about 157,000 hectares and an average of about 0.2% of this is potentially logged each year. Harvesting operations are carefully planned, and very strictly regulated. They run on an 80-year rotation basis.
- Timber harvesting conducted under the Code of Practice for Timber Production has been shown to have negligible impact on the quality of the water from the catchments.
- Most of the forest in these areas is regrowth following the 1939 bushfires. These are not old growth forests.
- 1939 fire regrowth forests use more water than mature trees. Forest and water scientists indicate that the impact on water yield from continuing to harvest the available forest in these catchments may be around 3%, not 50 per cent as some groups are claiming.
- Thinning of the regrowth will improve yields of water. (This is now being practiced to increase water yield in Perth's water supply catchments.)
- The biggest threat to water quality and yield within catchments is wildfire. Forestry and forest industry contributes significantly to the infrastructure required to assist in the management of fires, such as road networks, as well as providing the on-site readily available experience and equipment to assist with rapid response to wildfire.
- Under a natural life cycle, the ash forests regularly moves through a regrowth stage to maturity, with the cycle restarting after bushfires. It has been estimated that the mean natural fire interval of high-intensity fires in these Central Highlands Mountain Ash forest is within the approximate range of 75 to 150 years with the 'best fit being approximately 100 years'<sup>7</sup>.
- Water yield in the affected catchments, in the absence of fire, will continue to increase over time regardless of harvesting.
- In context with the increasing demand, a 3% gain in water yield will be a minor factor and it needs to be considered relative to other means of saving water, the costs and benefits of other water users (domestic gardens, irrigation, commercial use) and impacts on regional economies.

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<sup>7</sup> Wildlife, Fire and Future Climate – A Forest Ecosystem Analysis – Lindenmayer et al

- Current timber harvesting, including the areas within Melbourne’s water catchments, and the reserve system have been determined after an exhaustive analysis that has considering the right balance to the ‘triple bottom line’. Already two-thirds of the ash forests are excluded from harvesting. If harvesting is reduced in the catchments, there will need to be an adjustment to boost the socio-economic factors to maintain the balance.
- The timber that is accessed from State Forests within Melbourne’s water catchments is the highest quality wood in the State and the area is the most important centre of value adding of hardwood timber in Victoria – if not Australia.
- There are no alternative equivalent supplies of quality sawlogs from plantation sources. Establishment of additional plantations, if feasible, will also have impacts on water supply. The only feasible alternative wood supply of similar quality is to increase imported hardwoods which are mainly sourced from SE Asia, including areas that are illegally logged.

**Recommendation:**

The State Government’s review under the Our Water Our Future policy should continue to be scientifically based. It should:

- give full consideration to the triple bottom line impacts, including regional employment; and
- be considered in context with a wide range of issues and other water usage.

## Trust for Monitoring Forest Management in Victoria

**Developed by Renowned Forest Ecologist Dr David Lindenmayer**

Committing resources to achieve international recognition of the best managed forests in the world using benchmarking by world renowned scientists and stakeholder engagement

Victoria is a modern, well-resourced and informed State. It has been improving its forestry and environmental science expertise for over 100 years especially over the past 30 years. It stands to reason that our forestry practices should be among the best in the world.

We need a systematic and authoritative approach to verification of such a claim.

Victoria has over five times the international standard for forest conservation reserve. Victoria may lead the world in terms of areas for conservation and the controls for the sustainable use of the forests and recognises the extensive conservation reserves already in place and the stringent controls on harvesting.

Given Victoria is likely to be a world leader in forest stewardship, use and conservation, VAFI believes we should actively explore gaining international recognition for that status.

VAFI has held information discussions with eminent scientists, exploring a peer review enable them verify the quality of our forest practices.

**Note:** Dr David Lindenmayer has some 22 years of research experience in biodiversity related research and production forestry methodologies in Victoria (Central Highlands). He has also significant experience around the world on issues of biodiversity, integrated sustainable land-use and stakeholder engagement.

### **Recommendation:**

*Support for third party certification and other proposed mechanisms to ensure Victorian Native Forests are the best managed in the world and recognised as such. Support for AFS then mutual recognition with FSC and the proposed Trust for Monitoring Forest Management in Victoria developed by world renowned forest ecologist, Dr David Lindenmayer.*

**To have recognised native hardwood timber, sustainably harvested, used and regrown, as one of the most environmentally friendly metals we can use. These store carbon as they grown and wood based products continue to store that carbon.**

### **Procurement Policies, Ecospecifications & Ecolables**

At the market end of the supply chain we need to ensure that methodologies, techniques and measures used to assess the environmental qualities and impacts of production forestry and wood must be vigorous, transparent and fair. At present many of these assessments are lacking in credibility, integrity and transparency. It is crucial that all such schemes are analysed by Government, industry and community.

The State Government must ensure that there is no discrimination against wood and wood products with underlying ideological positions that are opposed to all native forest production.

### **Procurement & Ecolabelling**

***That a whole of Government leadership and approach ensures that Victorian native timber is incorporated and featured in Government projects, developments and that this policy be reflected in all Government specifications, procurement and related policies.***

## **Collaborative Approaches between VicForests, Industry and other Government Agencies**

VicForests was established to be a commercial operation at arms length from Government. Yet is a wholly owned Government entity.

*“VicForests will be responsible for developing and managing an open and competitive sales system for timber resources.”*

*“VicForests will manage logging in the State and will answer to the Minister for Agriculture.”*  
Premier Steve Bracks News Release 1/12/ 03

*“The Government will: in consultation with industry, phase in market-based sawlog pricing and allocation.”*

### **Recommendation:**

#### **Our Future Our Forests (OFOF) 2002**

*To date VicForests’ interpretation of its charter has been narrow and not conducive to ensuring the modernisation of robust and sustainable industry, long term*

#### **The development of a broad based industry approach to timber marketing and promotion**

The Sustainable Forests (Timber) Act 2004, sunsetted the Timber Promotion Council and timber licences that have a levy to fund the council.

The explanatory notes for the legislation state:

*“Timber promotion will now be the direct responsibility of the timber industry”*  
Industry is establishing an organisation to do this.

### **Recommendation:**

#### **Wood Products Victoria**

*That the establishment of “Wood Products Victoria” be recognised and promoted by all relevant parts of Government with return of relevant industry funds to be fully invested in this organisation.*

#### **Support for a collaborative – not punitive approach between industry and regulators.**

The collective expertise of the industries regulators should be employed to assist the industry improve across the board on occupational health and safety, environmental management, and commercial practices.

### **Recommendation:**

#### **VicForests as Responsible Corporate Citizen**

*VicForests as a responsible commercial organization should engage in customer oriented practices, develop partnerships with its customers and relevant other organisations to deliver benefits to Victoria in all the dimensions of sustainability, economic, social and cultural, environmental.*

## **State Government to Contribute to the Development of Sawlog Plantations and Farm Forestry Development**

The development of hardwood sawlog plantations is needed to strengthen and diversify the long-term resource security of the Victorian hardwood industry.

Currently less than 10% of the annual hardwood sawlog harvest comes from plantations. These were established by Government and sold to the private sector. No new plantings for sawlog are occurring

A desk top study commissioned by VAFI found that over the past century, there has been substantial expansion of wood plantations in many parts of the world, often in countries that previously had either limited areas of natural forest or low levels of timber processing. Large industrial plantations have been developed and the re-establishment of forests on farms has created substantial new resources that now support major manufacturing and export industries elsewhere.

Many countries have initiated publicly-funded or subsidised plantation expansion to:

- Overcome forecast shortages in building materials resulting from rapid urban developments (South Africa and Australia);
- Meet their own wood requirements where natural forest reserves have been depleted by agricultural development (Scandinavia and Ireland);
- Capitalise on perceived natural advantages in growing timber (Brazil); or a combination of these factors.

Governments have always played a central role in initiating large-scale plantation expansion and establishing the sustainability of related industry sectors. In some developing countries, governments have used incentive programs to jump-start the initial development of national forest industries.

Strategic, long-term government support has typically been provided through a range of fiscal, tax and trade assistance measures. These measures are applied over the complete supply chain involving establishment, production, processing and marketing of wood products. They are also extended to research and educational support.

Generally, the highest levels of government subsidy for forest plantations can be found in developed countries.

Even where an industry sector has successfully developed on a self-sustaining basis (possibly over 100 - 200 years), governments continue to support further growth for a range of socio-economic and environmental motives.

The same level of support is required in Victoria, if we are to develop a viable plantation industry. Specifically from State Government we need support for Federal tax rulings that enable people to buy in and out of plantation developments and not lose tax advantages.

### **Recommendation:**

*That the Joint Plantations Policy be implemented (see attached).*

# **REFERENCE LIST**

## **VAFI's Forest Industries Policy Charter Vision 2025**

**Sustainable Futures**

**For Forest Industries**

**In Victoria**



1. Trust for Monitoring Forest Management In Victoria –  
*A proposal developed for VAFI by Professor David Lindenmayer – 2005*
2. Victorian Timber Industry – Plantations: A Hardwood Industry Perspective  
*A report prepared for VAFI by Hamish Crawford, Cailum Pty Ltd - August 2005*
3. Continuous Improvement in The Protection of Environmental Values in Public Native Forests in Victoria Since the 1960's  
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4. The Environmental Impact of Building Materials Victorian Native Forest Timbers  
*A discussion paper prepared for VAFI by Dr Alastair Woodard & Mr Boris Iskra – March 2006*
5. Land Use Changes in Victorian Public Forest Areas – A Chronology  
*By Graeme Gooding*
6. Overview of Illegal Logging  
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9. Socio-economic Impacts of Plantation Forestry Over Time  
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12. Water, Wood & Wildlife  
*Joint Submission to VEAC River Redgum Forests Investigation – October 2005*
13. Timber Production in Native Forests and Fire Management  
*A discussion paper by the Victorian Association of Forest Industries - May 2006*
14. Old Growth Forest Stewardship & Commercial Forestry – A Proposal to Move Forward  
*Prepared by the Victorian Association of Forest Industries – March 2004*

## **Attachments to VAFI's Forest Industries Policy Charter Vision 2025**

1. Trust for Monitoring Forest Management in Victoria
2. Joint Forest Industries Policy
3. Joint Victorian Forest Industries Plantations Policy
4. Voluntary Protestor's Code

