



SUBMISSION

Victorian Climate Change Green Paper

September 2009

The Victorian Association of Forest Industries (VAFI) appreciates the opportunity to comment on the Victorian Climate Change Green Paper.

The Victorian Association of Forest Industries

The VAFI is the peak employer representative body for the Victorian timber industry. We play an important role in advocating on behalf of the industry at both a Government (Local, State and Federal) and community level.

The VAFI is committed to promoting an economically robust, socially responsible and environmentally sustainable forestry industry. We support and encourage best practice in industry and in forest and land management.

Our industry

The forestry industry in Victoria is a significant local employer and manufacturing industry. Victorian sourced timber generated approximately \$3 billion in economic value in 2007-08 and much more in flow on economic activity. Victoria's sales and services income from wood and paper product manufacturing industry is \$6.5 billion.¹

It is estimated that in 2006, there were 1,875 enterprises with operations in the forest-growing and wood product industry in Victoria, employing 32,154 people.² The industry supports an important manufacturing sector and makes a significant socio-economic contribution in regional Victoria.

This production is generated from a relatively small land base. Victoria has the following areas available for timber production:

¹ Victorian Department of Primary Industries ((2009) Timber Industry Strategy Public Consultation Draft, Victorian Government, April; quoted from ABARE (2008) Australian Forest and Wood Product Statistics, March and June quarters 2008, Canberra

² ForestWorks (2006) *Forest and Wood Products Industry Workforce and Industry Data Collection Survey Report 2006*, National Skills Company for the Forestry and Forest Products, Furnishing and Pulp & Paper Industries Ltd and Forest and Wood Products Australia, Melbourne

- 422,112 hectares plantation;
- 600,000 hectares public native forest (approximately 9 percent of all public native forest in Victoria); and
- 350,000 hectares private native forest.³

The Victorian forestry industry operates according to strict regulatory controls for responsible forest management. Timber production on public land managed by VicForests is certified to the Australian Forestry Standard.⁴ Approximately 86 percent of the total plantation area in Victoria is certified under the Australian Forestry Standard, the Forest Stewardship Council, or both.⁵

The role of a sustainable forestry industry in a low carbon economy

According to Victoria's State of the Forests Report 2008, Victoria's total tree biomass (above-ground plus roots) in native forests stored over 852 million tonnes of carbon in 2004.⁶ In addition, plantations established on cleared agricultural land increased the sequestration of greenhouse gases in Victoria by 6.7 million tonnes of carbon dioxide equivalent (CO₂e) between 1990 and 2004.⁷

Sustainably managed forests not only store carbon, they support the livelihoods of local communities and our economy and provide commercial products and ecosystem services.

Sustainably managed forests retain their carbon stocks over time and the long lived wood products derived from them, retain carbon for even longer periods.

Victoria's State of the Forests Report 2008 states, "Forests from which timber is harvested in Victoria are managed to ensure harvesting activities are sustainable and this ensures that carbon stocks are maintained. Removing trees for wood products from native forests and replacing them with regrowth forests adds to carbon stocks, as carbon is stored in wood products for extended periods."⁸

The Report states, "Forestry is one of the greenhouse-friendly sectors of the Victorian economy."⁹ "CO₂ emissions from forest management and industry are small compared to CO₂ sequestered in the biomass of native forests and plantations, and stored in wood and wood products both in service and as waste in landfill."¹⁰

³ Victorian Department of Primary Industries (2009) Timber Industry Strategy Public Consultation Draft, Victorian Government; quoted from ABARE (2008) Australian Forest and Wood Product Statistics, March and June quarters 2008, Canberra; Bureau of Rural Sciences (2009) Australia's Plantations: 2009 Inventory Update, Department of Agriculture, Fisheries and Forestry, <http://adl.brs.gov.au/mapserv/plant/NPI2009Update.pdf>

⁴ The Australian Forestry Standard and the Forest Stewardship Council are two independent, internationally recognised schemes for the certification of responsible forest management which are available in Australia.

⁵ Victoria has approximately 422,112 hectares of softwood and hardwood plantations. Approximately 361,930 hectares are certified to AFS and/or FSC. www.forestrystandard.org.au and www.fscaustralia.org, accessed 17 April 2009

⁶ DSE (2009) Victoria's State of the Forests Report 2008, The State of Victoria, <http://www.dse.vic.gov.au/DSE/nrenfor.nsf/LinkView/52BF92D03256680ACA25761F00224320A044DADB305A7076CA25748A001709F9>, Criterion 5, p. 5

⁷ DSE (2009) Victoria's State of the Forests Report 2008, Criterion 5, p.7

⁸ DSE (2009) Victoria's State of the Forests Report 2008, Criterion 5, p. 5

⁹ DSE (2009) Victoria's State of the Forests Report 2008, Criterion 5, p.7

¹⁰ DSE (2009) Victoria's State of the Forests Report 2008, Criterion 5, p.7



The sector has the potential to provide a much higher level of abatement, at low cost and supporting increased 'green' employment. Effective policy for greenhouse gas mitigation for forests and forestry will not simply regulate forest carbon but will recognise carbon stored in wood products and will provide incentives for bioenergy and wood and wood-based products as renewable and low carbon materials.

Despite this important role, it is important that mitigation policy for forests and forestry is viewed as a complement, not a substitute for efforts to reduce Victoria's fossil fuel emissions.

Sustainable forest management is the cornerstone of long term, sustainable management of forest carbon stocks

Responsible forest management aims to manage a range of social, economic and environmental values of forests, including carbon stocks, over the long term. It is essential for ensuring integrated and long term outcomes including biodiversity conservation, water resources management, employment and support for the livelihoods of local communities.

Sustainable forest management is planned and undertaken within a long term management framework. Sustainable forest management aims to maintain or enhance carbon stocks over the long term and provides ongoing socioeconomic benefits. Sustainable forest management and specifically harvesting rotations require a long term mitigation perspective, rather than a relatively short commitment period. Rules for forest management must reflect this long term framework.

According to the Intergovernmental Panel on Climate Change (IPCC), sustainable forest management coupled with timber production, can make a significant contribution to reducing atmospheric carbon. The IPCC's Fourth Assessment Report states, 'In the long term, a sustainable forest management strategy aimed at maintaining or increasing forest carbon stocks, while producing an annual sustained yield of timber, fiber or energy from the forest, will generate the largest sustained mitigation benefit.'¹¹

An integrated approach to mitigation and adaptation in forest sector

"The amount of carbon stored in Australian forest landscapes can change over time because of:

- Variation in climatic factors such as temperature and rainfall
- The natural developmental or successional dynamics of the forest
- Disturbances such as harvesting, fire, storms and outbreaks of pests and diseases
- Loss forest are due to agricultural and urban expansion (clearing/deforestation)
- Increases in forest are due to the establishment of commercial plantations and environmental plantings, the expansion and thickening of native forest, and the growth of exotic woody weeds."¹²

The VAFI believes that an integrated approach to climate change mitigation and adaptation is required for the forest sector. Accordingly, continued timber production in public native forests and expanded production and environmental planted forests will play a key role.

¹¹ IPCC (2007) Climate Change 2007: Mitigation of Climate Change, IPCC Fourth Assessment Report, <http://www.ipcc.ch/pdf/assessment-report/ar4/wg3/ar4-wg3-chapter9.pdf>, p. 543

¹² DAFF (2008) Australia's State of the Forests Report 2008, <http://adl.brs.gov.au/forestsaustralia/publications/sofr2008.html>, p. 112

Fire management

Fire is a key driver of carbon stocks in Victoria's native forests. It also has significant human, social, economic and environmental impacts. As discussed in detail below, active and responsible forest management, including productive forestry and forest fuel management is consistent with good forest fire management.

It should be noted that the footprint of the forestry industry (currently approximately 6,500 hectares per year) is a fraction of the approximately 1.4 million hectares of State forest affected by fire in the past six years.

Forestry is a tool for forest management. The activities and skills of the industry are not limited to commercial harvesting of timber but include ecological forest thinning, biomass management to reduce fuel levels, forest regeneration and restoration, roading and infrastructure and first attack fire response.

Investing in ecosystem health and resilience

As mentioned above, there is a role for the Victorian Government to invest in ecosystem health and resilience across the public forest estate.

The finding in the 2009 Review of the Allocation to VicForests Order that there is 7,000 hectares of State forest in Victoria known to require additional regeneration activities and 19,000 hectares for which the success of regeneration activities is unknown is an economic and an environmental concern.¹³

The failure to adequately regenerate areas of forest harvested before the establishment of VicForests undermines forest health and resilience as well as productivity and carbon sequestration capacity. It is also not consistent with the Sustainability Criteria and regulatory requirements with which VicForests practices must comply.

The VAFI believes that the Victorian Government must provide funding to the Department of Sustainability and Environment (DSE) as appropriate to undertake further survey work and to undertake the necessary regeneration activities.

'Opting in' to the CPRS for public land at this stage is not in the public interest

As the Victoria's State of the Forests Report 2008 states, "The aim of sustainable forest management is to minimise net greenhouse emissions within the constraints imposed by other management objectives. The greenhouse consequences of forest management are best interpreted at larger scales because it is the net effect across the landscape rather than local changes which influence the atmosphere."¹⁴

It is the responsibility of the Victorian Government to manage public land, including public forested land, for a range of social, environmental and economic values. Opting into the Carbon Pollution

¹³ DSE (2009) Allocation to VicForests Order Review 2009, [http://www.dse.vic.gov.au/CA256F310024B628/0/5008C4EDFAF216DECA257616000A4EB4/\\$File/Allocation+to+VicForests+Order+Review+2009+v3.pdf](http://www.dse.vic.gov.au/CA256F310024B628/0/5008C4EDFAF216DECA257616000A4EB4/$File/Allocation+to+VicForests+Order+Review+2009+v3.pdf)

¹⁴ DSE (2009) Victoria's State of the Forests Report 2008, Criterion 5, p.7



Reduction Scheme (CPRS) may provide a one-off monetary benefit for carbon sequestration. However, the long-term liability involved for any emissions associated with responsible management of the land, such as for fire or in the case of natural disturbance (beyond any regulated buffer) could incur financial penalties or perversely effect the achievement of other sustainable forest management objectives.

The current CPRS design only recognises reforestation since 1990 on previously cleared land, consistent with Australia's international obligations and the rules for land use, land-use change and forestry (LULUCF) associated with the Kyoto Protocol.

These rules are currently being renegotiated for as part of negotiations for a post-2012 international climate change deal. Any discussion of opting in to emissions trading where the rules, including the accounting methodology, are yet to be agreed is extremely pre-emptive. The VAFI believes that the Victorian Government must assess the implications of any new rules, including how management of fire, productive forestry, biodiversity and socioeconomic values may be affected.

Maximising the benefits from reforestation under the CPRS

The CPRS will provide potential opportunities for productive timber plantations and planted forests established for carbon sequestration and other environmental purposes on cleared land from 1 January 1990 onwards.

Reforestation can provide socioeconomic and environmental benefits including regional employment, products for processing industries, biodiversity, salinity mitigation and improving water quality.

Support to develop opportunities under the CPRS

However, there is a clear need to facilitate an understanding of the eligibility criteria and rules for participation, including the potential benefits and risks of participation for businesses and individuals who may wish to participate.

Action 7.1 of the TIS Public Consultation Draft states, "Victoria will continue to work alongside the Commonwealth Government to improve the understanding of the implications of the Carbon Pollution Reduction Scheme for Victoria's timber industry."¹⁵

The VAFI fully supports this proposed action. There is also likely to be an ongoing need to provide advice to participants and prospective participants about the CPRS and carbon markets generally.

Managing potential perverse incentives

The CPRS is designed to put a price on one environmental value (greenhouse gas emissions and sequestration). It does not cover the whole economy, the rules exclude recognition of the carbon stored in harvested wood products, arrangements for emissions-intensive trade exposed industries (EITEs) provide compensation to the high-emissions competitors of wood products (blocking market signals preferential to wood products) and the national Renewable Energy Target (RET) scheme currently does not recognise all forms of wood waste for renewable energy credits.

¹⁵ DPI (2009) Victorian Timber Industry Strategy – Public Consultation Draft, p. 30

As the Victorian Climate Change Green Paper recognises, these factors can cause perverse incentives which may be inconsistent with broader sustainable forest management, climate change mitigation and other environmental, economic and social objectives.

There are clear opportunities for the Government to address perverse incentives which are providing barriers to increased use of sustainably produced wood and wood-based products to provide low emissions alternatives for materials and energy.

Planning and environmental regulatory arrangements will continue to minimise perverse incentives to a large degree.

The VAFI supports the Action 2.20 project, based on the 2004 Securing Our Water Future Together White Paper as the vehicle to develop a statewide policy framework to manage the impacts of land use change on water resources. Action 5.1 of the Victorian TIS Public Consultation Draft states, “We will implement the agreed outcomes arising from 2.20 of Securing Our Water Future Together regarding the impact of land-use change, including timber plantations, on the water resource (quality and quantity).

The VAFI supports the statement in the Draft TIS that:

“Victoria will develop an evidence-based, economically efficient and environmentally sustainable approach to address any significant impacts of land use change on water resources under the Action 2.20 project. The broader benefits and impacts of plantations will be taken into account when developing the management tools to reflect Victoria’s socio-economic and political landscape.”¹⁶

It is important that the Government take a triple bottom line approach to developing management tools. Plantations provide regional investment and employment, including often a more diversified economic base. They can also provide benefits for water quality, salinity, habitat and carbon sequestration.

The VAFI also commends the Victorian Government for ensuring that all land-use changes are considered as part of this project. This is crucial for the effectiveness and equity of policy on this issue, as well as minimising perverse outcomes. Indeed, given the rules for reforestation in the CPRS, most reforestation projects under the schemes will be non-productive plantings, ‘environmental’ plantings.

It is important that land use change policies in Regional Sustainable Water Strategies are developed in line with the outcomes flowing from Action 2.20.

Linking markets for ecosystem services

Given that the majority reforestation projects which opt in to the CPRS will be environmental plantings, there is a clear opportunity to build instruments and arrangements which support the provision of wider environmental benefits from those project, including salinity mitigation, biodiversity, water quality and soil management benefits.

The Victorian Government’s White Paper on Land and Biodiversity at a time of Climate Change, which is currently under preparation, will focus on developing market-based instruments for ecosystem services.

¹⁶ Victorian Department of Primary Industries (2009) Timber Industry Strategy Public Consultation Draft, p. 23

The Government's role in purchasing ecosystem services through market-based mechanism is a significant driver for positive environmental outcomes; as is encouraging and leveraging private sector investment.

Standards for biodiverse reforestation projects could be developed for voluntary biodiversity markets. Best practice in standard-setting procedures should apply to ensure credibility.

The national Renewable Energy Target (RET) scheme and a rising price for carbon should also provide incentives and opportunities for new markets for the use of wood for energy production (bioenergy and biofuels). It is important that the Victorian Government looks to how to link these national initiatives with potential opportunities for supplying Victoria's energy needs and with other markets for environmental services that might provide co-benefits.

Increasing the recognition and use of wood products

Mitigation policies for forests must not solely focus on forest carbon but must consider the need to product forest products to meet human needs, the climate benefits of use of forest products relative to alternatives and most importantly the role of sustainable, productive forest management in preventing deforestation through providing ongoing socioeconomic benefits.

“Wood products normally require less energy to make and therefore emit less carbon dioxide during manufacture than alternative materials such as steel, concrete and aluminium.”¹⁷ This is particularly so when a life-cycle analysis is applied and the carbon stored in the wood products is recognised.

Research demonstrates that wood products in solid waste disposal retain almost all of their carbon. Chemical analysis of wood products stored in solid waste disposal for 19, 29 and 46 years found that only up to 3.5 percent of the carbon was lost through decomposition.¹⁸ Provided that transparent and verifiable data is available, carbon stored in wood products in solid waste disposal should be recognised.

Australia's State of the Forests Report 2008 states “Increasing the amount of wood in buildings is therefore a way of significantly reducing Australia's carbon emissions.”¹⁹

The VAFI supports the intent of Action 7.2 of the TIS Public Consultation Draft, which states, “We will continue to advocate to the Commonwealth Government for inclusion of carbon stored in timber products in the international climate change framework.”

The VAFI agrees that accounting for carbon stored in harvested wood products is a complex area. It is important that a Victorian Government proposal in this area support the long term direction of the industry in both international and domestic arrangements for recognition of carbon stored in harvested wood products.

It is vital that any rules for accounting for carbon stored in harvested wood products which are translated and implemented domestically are as simple as possible and provide incentives for the use, reuse and recycling of sustainably produced wood and wood-based products.

¹⁷ Department of Agriculture, Fisheries and Forestry (2008), Australia's State of the Forests Report 2008, p. 119

¹⁸ Ximenes, F. (2006) Carbon storage in wood products in Australia: a review of the current state of knowledge, Forest and Wood Products Research and Development Corporation

¹⁹ Department of Agriculture, Fisheries and Forestry (2008), Australia's State of the Forests Report 2008, p. 120

The VAFI believes that product stewardship and the facilitation of greater reuse and recycling of timber and timber-related products is consistent with this approach. We believe there are opportunities for the Victorian Government and industry to work together to facilitate a greater level of product stewardship.

In addition, it is important that the Victorian Government promote a life-cycle analysis of building materials and recognition of wood products in sustainable building initiatives.

Renewable energy using woody biomass

Policy and regulatory recognition of woody biomass for renewable energy

Bioenergy can play a considerable role in meeting Victoria's energy needs in a carbon-constrained world. However, this source of renewable energy remains under-utilised.

Australia already generates 650 megawatts of electricity from biomass; substituting for fossil fuel-based electricity and therefore offsetting carbon dioxide emissions. It is estimated that there is a further 3 million tonnes of waste and salvaged wood that could be used for bioenergy.²⁰

The VAFI agrees with the Draft TIS that "There is potential to generate a better economic, environmental and community value for lower-quality native hardwood logs that are a genuine by-product of sustainable sawlog harvesting by selling the resource into alternative markets, such as for the production of charcoal or bioenergy."²¹

As noted in the Victorian Competition and Efficiency Commission's draft report, biomass should be a cost competitive form of renewable energy. According to the Department of Climate Change's National Greenhouse Account Factors, every tonne of dry wood burned as bioenergy in place of brown coals displaces 0.93 tonnes of CO₂e emissions.²²

According to the Bioenergy Roadmap published by the Clean Energy Council, utilisation of wood related wastes could realistically supply 2,948 gigawatt hours per annum by 2020, with all forms of bioenergy supplying approximately 11,000 gigawatt hours.²³ This represents a contribution of 20 percent to the Australian Government's target of 60,000 gigawatt hours of renewable electricity generation and about 4 percent of Australia's estimated electricity demand. The Roadmap notes this is still far behind leading European countries which already generate 14% of their electricity from bioenergy.

The Government can also facilitate the uptake of bioenergy through the provision on public information to promote the environmental, economic and social benefits of bioenergy.

The Bioenergy Roadmap states the need to ensure that bioenergy is treated equitably in all matters of policy when compared to other renewable is a key objective in maximising Australia's bioenergy potential.

²⁰ Department of Agriculture, Fisheries and Forestry (2008), Australia's State of the Forests Report 2008, p. 120

²¹ Victorian Department of Primary Industries (2009) Timber Industry Strategy Public Consultation Draft, p. 30

²² Department of Climate Change (2008) National Greenhouse Accounts Factors, February, <http://climatechange.gov.au.au/workbook/index.html>

²³ Clean Energy Council (2008) Australian Bioenergy Roadmap: Setting the direction for biomass in stationary energy to 2020 and beyond, September, <http://cleanenergycouncil.org.au>

The VAFI supports the intent of Action 7.3 in the TIS Public Consultation Draft, which states, “We will support a national approach to the use of native forests for energy production, consistent with the Commonwealth Government’s expanded national Renewable Energy Target scheme.”

However, it is crucial that the Victorian Government insist that the Commonwealth Government review the national regulations to allow recognition of all forms of wood waste; without such a change, the opportunities for biomass energy will be significantly constrained at the expense of low cost mitigation and resource efficiency.

Under the expanded National Renewable Energy Target scheme (RET), wood and wood waste will be eligible for renewable energy credits, subject to regulatory restrictions which include a high value test for wood waste from native forests such that the primary product must be higher in financial value than all the total value of the other products of the harvesting operation.

The VAFI believes the regulatory requirements for the RET must be reviewed to allow wood wastes already covered by existing frameworks such as the RFAs to be accepted within the scheme.

The VAFI seeks a commitment from the Victorian Government to ensure that native timber residues can be eligible for renewable energy certificates under the existing Victorian Renewable Energy Target scheme (VRET) until national RET arrangements are applied .

It is important that the Victorian Government ensure that funding for renewable energy is made available to the development of projects for biomass energy and for biofuels. There are currently a number of Victorian and Australian Government renewable energy funds which do not treat bioenergy equally to other forms of renewable energy.

Finally, it is important to recognise that many sawmillers, and other industries, already make a significant contribution to the renewable energy use, through their conversion of biomass residues to generate thermal energy for their own use, displacing use of fossil fuel electricity or gas sources.

Until national mechanisms are developed to measure and account for the contribution of all uses of biomass based energy, not just energy which is exported to the electricity grid, the role of biomass in the renewable energy target will be significantly understated. This is likely to have a negative stimulatory effect on the use of this form of energy, when by contrast, there are many examples of biomass based technology for both industrial and community thermal energy generation and local reticulation that have been actively supported and encouraged in Europe and other countries.

Developing the potential use of biofuels

Biofuels have significant potential environmental, economic and social benefits as an alternative to fossil fuels. In particular, the use of wood for biofuel production could provide investment, jobs and growth in regional economies, benefits for lowering greenhouse gas emissions and support energy security. The VAFI strongly supports the proposal in Action 7.4 of the TIS Public Consultation Draft to prioritise research to explore the potential use of sustainably produced wood as a source for biofuels.

Adaptation to climate change in the forest sector

Climate change is a significant challenge for forest management. Potential threats to forest health and productivity as well as biodiversity include increased fire risk, pests and diseases and weather events such as storms and floods as well as climate change impacts on water resources.



The VAFI believes it is important that the Victorian Government assist the timber industry to adapt to climate change through:

- A more active approach to forest fire management; and
- Funding for research on biosecurity risk planning and understanding the potential impacts of climate change on forests in Victoria.

Managing for fire first

We live in a fire prone environment with a risk of more frequent and intense fires associated with climate change and drought. In the past we have focused on excluding fire from our environment through fire suppression and conservation management. However, it is clear that the absence of fire is not environmentally appropriate, nor is it likely to be possible within the context of climate change.

Victoria has now endured three catastrophic bushfires in the last seven years. Many of the areas affected by the 2009 bushfires are at the heart of our industry. The immediate personal and commercial losses are substantial. It is estimated that over 10 percent of the industry's current sustainable yield from native forests has been burnt along with 20,000 hectares of plantations. The impact on the future wood supply is far-reaching, with VicForests conservatively estimating the value of the standing timber burnt at over \$600 million. It is important that timber resources are protected through future fire mitigation policies and actions.

The environmental impact of high intensity fires includes:

- A larger area being burnt;
- Soil damage due to heat and damage to plants, seeds and fungi;
- Death of fauna and trees and other vegetation;
- Loss of hollow-bearing limbs and logs due to heavier fuels burning for longer;
- Degradation of water quality and freshwater ecosystems; and
- Long-term and broadscale impacts on water yield.

In particular, high intensity fires undermine programs to protect threatened species, biodiversity, heritage and cultural values as well as our efforts to manage water yield from catchments.

It is clear that climate change and catastrophic bushfires are the greatest threats to Melbourne's water supplies, the survival of many threatened species and our future supplies of timber from Victorian forests.

According to independent research commissioned by DSE, the most significant threats to water yield in Melbourne's water supply catchments are climate change and bushfire.²⁴ Moderate climate change²⁵ is predicted to decrease the average annual water yield by 27.2 percent in the Thomson catchment and by 33.1 percent in Armstrong Creek (Main) over the next 250 years. An extreme bushfire event²⁶ is predicted to decrease average annual water yield by 22 percent in the Thomson catchment and 26 percent in Armstrong Creek over the same period.

²⁴ Department of Sustainability and Environment (2008) Research Results for the 'Wood and Water' project, DSE, http://www.ourwater.vic.gov.au/_data/assets/pdf_file/0018/12744/Summary_of_Research_Results.pdf

²⁵ Moderate climate change is defined as a 7.1% reduction in rainfall and a 1.5 degree increase in temperature.

²⁶ 100% tree mortality

Approximately 30 percent of Melbourne’s water catchments were damaged in the recent bushfires, including but not limited to 75 percent of the Maroondah catchment, 93 percent of the O’Shannassy catchment and 100 percent of Armstrong Creek.²⁷

Forest management techniques including thinning of forest stands and prescribed burning can increase the water yield from areas of regrowth following bushfires.²⁸

Decisions around management of forested catchments, threatened species and public native forest must consider the potential environmental impacts of more active management to reduce the risk of severe wildfire versus the potential environmental, economic and social impacts of doing nothing.

The VAFI made a submission to the 2009 Victorian Bushfires Royal Commission.²⁹ The VAFI submission highlights the significant role the forestry industry plays in fire management and suppression. The native forest and plantation sectors from Victoria and interstate contributed hundreds of personnel and hundreds of vehicles and pieces of equipment to suppression of the February 2009 bushfires. The contraction of the Victorian native forestry industry has had a negative impact on Victoria’s fire management capacity, including maintenance of appropriate human resources, equipment and access for fire suppression.

The submission also describes the role of forestry as a tool for forest fire management. The activities and skills of the industry are not limited to commercial harvesting of timber but include ecological forest thinning, biomass management to reduce fuel levels, forest regeneration and restoration, roading and infrastructure and first attack fire response. The VAFI believes the commercial forestry is consistent with a risk minimisation approach to fire management and that skills and resources unique to the forestry industry can be used more widely for active fire management across the landscape.

It is also important that Victorian greenhouse gas mitigation policy for forests recognises the role of fire management objectives, particularly fire risk mitigation through forest fuel management.

Improving knowledge and risk management

There is a gap in our knowledge about the impacts of climate change on forest health and productivity. The VAFI supports a research and development program which responds to this information gap and the risks associated with climate change.

Action 5.3 of the TIS Public Consultation Draft states, “We will respond to major biophysical risks imposed by climate change by improvement forest management practices for public native forests and prioritising research and development that aids climate change and adaptation in the plantation sector.”

The VAFI supports this proposal. We suggest the Victorian Government consult research institutions, VicForests and the Victorian forestry industry in designing and undertaking changes to research and

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http://www.melbournewater.com.au/content/water_storages/bushfires_in_catchments/catchment_impact_table.asp, accessed 21/08/09

²⁸ Batini, Bradshaw and Underwood (2007) Managing forested catchments for water, timber and biodiversity, Proceedings of the 2007 IFA and NZIF Conference, Coffs Harbour, pp. 60-65

²⁹ Victorian Association of Forest Industries (2009) 2009 Victorian Bushfires Royal Commission, Submission by the Victorian Association of Forest Industries, <http://www.vafi.org.au/documents/090520%20Bushfire%20Submission%20FINAL.pdf>

development activities and changes to forest management practices. It would be beneficial for the Victorian Government to initiate a project for this purpose so that the response is coordinated and effective. The availability of funding from the Victorian Government will be a key determinant of the success of this work.

The VAFI also supports 8.2 of the TIS Public Consultation Draft, which states that the Victorian Government will develop a Forests and Timber Biosecurity Framework. The VAFI believes it is appropriate and important for a Forests and Timber Biosecurity Framework to be prepared by Biosecurity Victoria. We believe broad consultation with industry, research institutions and non-governmental organisations will be beneficial to the preparation of the framework.

How can we maximise the benefits for Victoria of the wise management of our carbon assets and ecosystems (under the CPRS and in other green economy markets)?

As discussed above, the VAFI believes the Victorian Government can maximise the wise management of our carbon assets and ecosystems by:

- Ensuring an integrated approach to greenhouse gas mitigation and climate change adaptation policies for the forest sector, particularly for fire management and investing in ecosystem health and resilience;
- Supporting sustainable forest management within a long-term framework, across the entire public forest estate;
- Forest, biodiversity, water and land management policies must manage to minimise the risk of catastrophic bushfire as a priority;
- Addressing the issue of the impact of land use change on water resources through the Action 2.20 project;
- Building instruments and arrangements to support the provision of wider environmental benefits from reforestation projects such as by:
 - Linking market-based instruments for specific ecosystem services;
 - Investing in ecosystem service markets and encouraging and leveraging private sector investment in such markets;
 - Developing credible standards for ecosystem service outcomes (e.g. biodiversity services); and
 - Developing markets for bioenergy from sustainably produced woody biomass through the national renewable energy target and Victorian Government policy settings and investment.

How can we best develop a modern, sustainable and high value timber industry under the CPRS?

As discussed above, the VAFI believes the Victorian Government can best facilitate development of a modern, sustainable and high value timber industry under the CPRS by:

- Supporting the development of opportunities under the CPRS by providing analysis and advice on potential risks, opportunities, benefits and implications for industry and projects;



- Not 'opting in' to the CPRS at this stage as it is likely to provide a one off financial benefit but incur ongoing liabilities and potential restrictions on sustainable forest and fire management objectives, which is not in the public interest;
- Assessing with industry and forestry stakeholders the implications for Victoria of rules for the forest and land sectors developed under a post-2012 international climate change framework;
- Managing perverse incentives from the CPRS, which block market signals to preference wood products by:
 - Recognising and promoting wood products as materials with a small carbon footprint and stores of carbon;
 - Advocating recognition of carbon stored in wood products through simple accounting for the long term benefit of the forestry industry and sustainable forest management;
 - Promoting wood in sustainable building initiatives and life cycle assessment for building materials;
- Encouraging product stewardship including reuse and recycling;
- Actively promoting a change to national regulatory requirements for the RET to allow wood wastes already covered by existing frameworks such as the Regional Forest Agreements (RFAs) to be accepted within the scheme;
- Facilitating the uptake of bioenergy through the provision on public information to promote the environmental, economic and social benefits of bioenergy;
- Ensuring that funding for renewable energy is made available to the development of projects for biomass energy and for biofuels;
- Assisting the industry to adapt to climate change by:
 - More active forest fire managing, which better recognises and utilises the role of the forestry industry; and
 - Funding for research on biosecurity risks and understanding the potential impacts of climate change on Victorian forests.

The VAFI looks forward to working constructively with the Victorian Government on greenhouse gas mitigation and adaptation policy for forests in Victoria.

Should you have any queries, please direct them to Lisa Marty, Deputy Chief Executive Officer, lmarty@vafi.org.au, (03) 9611 9000, or Level 6, 50 Market Street, Melbourne, Victoria, 3000.

