



Parliamentary Inquiry into VicForests' Operations

30 May 2017

About VicForests

- State Owned Corporation
 - Independent Board
 - Responsible to the Minister for Agriculture and Treasurer
 - Activities regulated by the Department of Environment, Land, Water and Planning
- Responsible for the sustainable harvest and commercial sale of timber from Victoria's native forests
- Required to operate sustainably, be commercially prudent and consider long-term economic returns to the State
- Responsible for ensuring all areas harvested are successfully regenerated



VicForests
Sustainable Forest Management Policy

Under this policy VicForests commits to:

- Maintain a sustainable forest management system compatible with the Australian Forestry Standard AS 4700.
- Actively work towards implementing Forest Stewardship Council (FSC) Principles and Criteria.
- Comply with relevant Federal and State environmental and forest management legislation and policies.
- Develop appropriate objectives and targets to set direction and track progress of its aim to operate in a sustainable manner.
- Regularly monitor, audit, review and report on its forest management performance.
- Encourage innovation, creativity and knowledge for continual improvement of its environmental performance and operational efficiency.
- Manage our operations in an environmentally responsible manner.
- Regenerate all areas harvested
- Actively engage with stakeholders, customers, contractors and neighbours and consider their views in VicForests' forest management activities.
- Recognise and respect cultural heritage values and traditional owner rights.
- Undertake its activities in a socially responsible manner that respects the diverse social and cultural values of stakeholders, neighbours and staff.
- Work closely with its employees, contractors, customers and other stakeholders to develop and implement agreed sustainable forest management initiatives.
- Provide education and training to staff and contractors to assist in the continual improvement of its forest operations.
- Assist the Department of Sustainability and Environment with its forest fire suppression role.
- Provide sufficient resources to effectively implement this policy.

VicForests, a State Business Corporation established under the State Owned Enterprises Act (1992), is responsible for the sale and sustainable harvest of timber from Victoria's State forests in eastern Victoria.

VicForests' key functions include planning, sale of timber resources, harvesting and haulage operations, regeneration of harvested coupes and roadworks. VicForests supports a sustainable Victorian timber industry.

This Sustainable Forest Management Policy covers all of the application and review of the highest standards for forest management practices through a process of continual improvement.

VicForests will review this policy as required and communicate it to all its employees, contractors, customers and relevant stakeholders.

Robert Green
Chief Executive Officer
August 2012

SUSTAINABLE FORESTRY
APR01-01-06

PEFC
PPFC01-01-06



VicForests' Core Business

- Determine the quantity, quality and location of timber that can be sustainably harvested
- Allocate timber in a competitive market
- Plan harvesting activities and develop timber delivery schedules
- Engage forest contracting businesses to harvest the timber and deliver it to our customers
- Regenerate all harvested areas



What we do

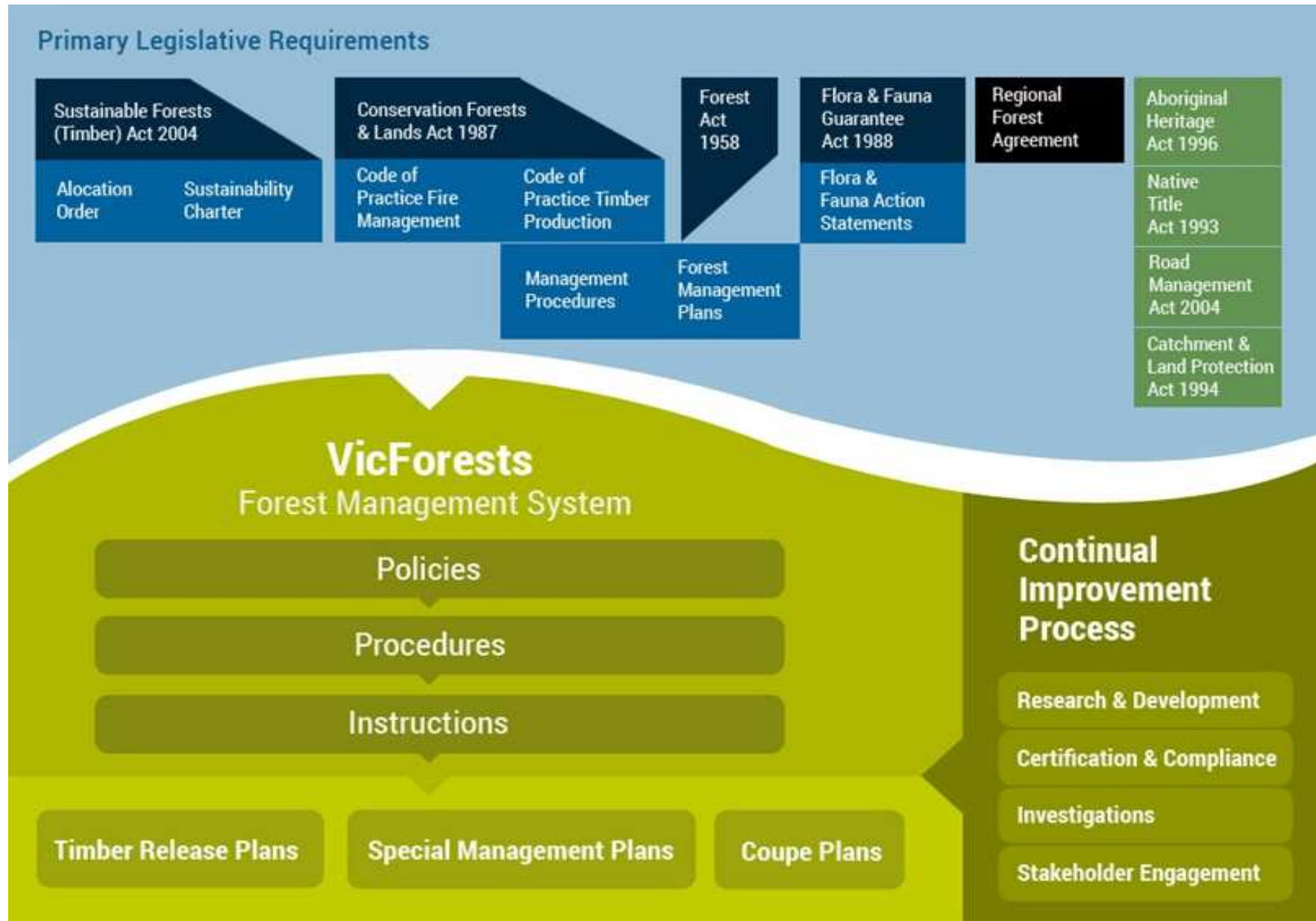
- Australia's largest supplier of high quality hardwood sawlogs
- \$112 million in timber sales in 2015-16
- 110-120 VicForests staff
- Family owned, local contractor companies – harvest, haul, road maintenance, seed picking
- Mainly Victorian-based customers in primary manufacturing
- Contribute to State's bushfire fighting as part of Forest Fire Management Victoria



Why we do it – demand for timber products

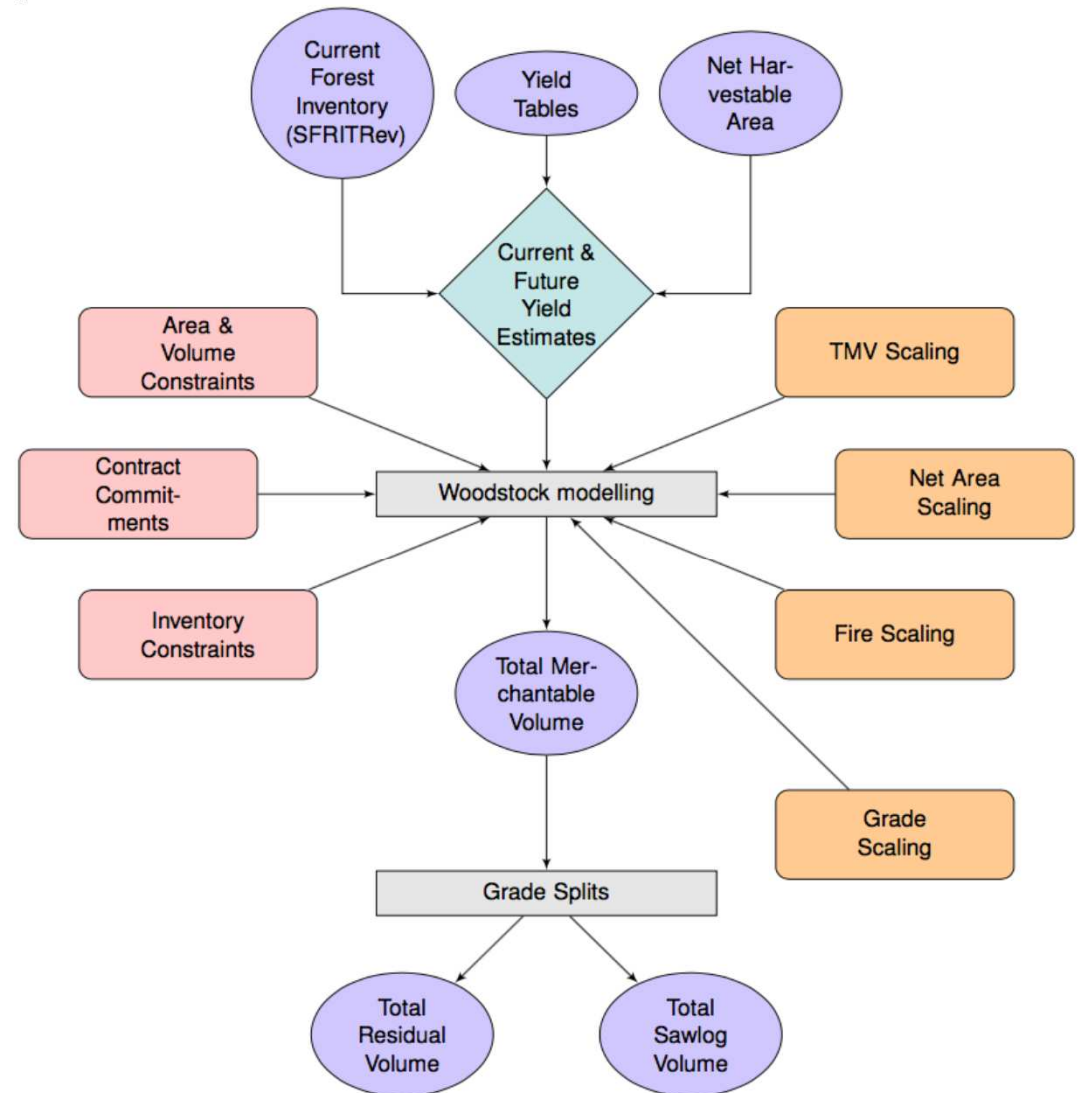


Legislative Framework and Regulatory overview



Timber Supply Modelling

- Highly variable and fragmented forest
- Enormous amount of data
- Very complex modelling
- Multiple scenarios analysed and tested
- Aim to optimise availability, sales and supply commitments, economics and sustainability



Timber Allocation and Sales

- Range of allocation processes used to maximise commercial and economic return to the State
- Balance need for certainty (industry) with supply risks (VicForests) and economic return
- Allocation processes open and competitive
- Aim to allocate all products off harvested areas
- Timber sold in advance of harvest



Harvest Planning

- Harvest on a 60 – 120 year rotation
- Every area assessed prior to harvest and a detailed coupe plan prepared
- Considers a range of factors to protect values such as:
 - streams
 - wildlife habitat
 - steep slopes



Harvesting

- Coupe marking to protect trees/other values
- Majority of harvesting done mechanically - increase in efficiency/safety
- High-value sawlogs graded
- Each operation produces a range of products which are distributed to multiple customers



How our timber is used

- Not all parts of the tree are the same!

The diagram illustrates the vertical sections of a tree trunk and how they are processed into different timber grades. A large tree trunk is shown on the right, with three callout boxes pointing to different sections. The top section is labeled 'Pulp log', the middle section 'Structural Grade timber', and the bottom section 'High quality Sawlog'. Each section is accompanied by a list of characteristics and uses. The 'High quality Sawlog' section is further illustrated by three circular images showing finished timber products: a wooden table, a wooden chair, and a wooden bench.

High quality Sawlog

- Sawlog comes from the lower part of the trunk and produces high quality, beautiful and clean timber. It is used in appearance grade products such as furniture, tables and flooring
- This timber is highly sought after as it has very few defects

Structural Grade timber

- Structural Grade timber comes from the middle section of the trunk
- This timber is strong and perfect for use in roofing, and door and window frames
- As branches can be found at this height, this timber has more defects than Sawlog and is not usually suitable for appearance grade products

Pulp log

- Forks, branches and other defects that occur near the top of the tree affect the appearance and strength of the timber
- This timber cannot be used for structural or appearance grade products but is still utilised to produce quality paper products including office paper that we all use everyday

Regeneration

- Locally picked seed is used to ensure the same species regrow on each site
- Regeneration burns assists the natural regeneration process that Victoria's forest have evolved to cope with
- Approximately 600 million individual seeds spread by helicopter annually as part of VicForests' regeneration program



Economic contribution

- Sold more than \$1.1 billion worth of timber since 2004
- A significant component of revenue is injected into regional Victoria through contract payments and wages
- Central Highlands industry generates annual revenue of \$570 million and 2100 direct jobs

“VicForests has demonstrated that it balances the need to operate profitably with the need to support industry and socio-economic sustainability”

“VicForests does not receive any government subsidies”

- Victorian Auditor General’s Office Report 2013

